PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2004

SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

HONOURABLE FLOYD K. ROLAND

Minister of Finance

August 18, 2004

THE HONOURABLE GLENNA F. HANSEN
COMMISSIONER OF THE NORTHWEST TERRITORIES

I have the honour to present the Public Accounts of the Northwest Territories in accordance with Sections 27 through 31 of the *Northwest Territories Act* (Canada), R.S.C. 1985, c. N-22, and Sections 72 through 74 of the *Financial Administration Act*, S.N.W.T. 1987(1), c. 16, for the fiscal year ended March 31, 2004.

Floyd K. Roland
Chairman

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Public Accounts of the Government of the Northwest Territories

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of the Northwest Territories, and related information contained in the Public Accounts, is the responsibility of management through the Office of the Comptroller General.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for governments. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgment have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the *Financial Administration Act*.

The Public Accounts are referred to the Standing Committee on Accountability and Oversight. The recommendations of this committee are reviewed and acted on to improve the financial systems and controls.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the change in its net debt, the results of its operations and its cash flows for the year. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation.

After completion of the audit, the Auditor General includes additional information, comments and recommendations in her annual report to the Legislative Assembly of the Northwest Territories.

Lew Voytilla, FCGA
Comptroller General
Government of the Northwest Territories

July 23, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

I have audited the consolidated statement of financial position of the Government of the Northwest Territories as at March 31, 2004 and the consolidated statements of change in net debt, operations and accumulated surplus, and cash flow for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2004 and the results of its operations, the change in its net debt, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board. As required by the *Northwest Territories Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Government and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Government and of those organizations listed in note 1 that have come to my notice during my audit of these consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Northwest Territories Act*, the *Financial Administration Act* and regulations, and the specific operating authorities disclosed in note 1.

Additional information and comments on the consolidated financial statements and this opinion will be included in my annual report to the Legislative Assembly of the Northwest Territories.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
July 23, 2004

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

Government of the Northwest Territories

Consolidated Statement of Financial Position

As at March 31, (thousands of dollars)		2004		2003
Financial resources				
Cash	$	25,435	$	-
Short-term investments (note 4)		24,248		41,155
Due from Canada (note 5)		-		36,281
Accounts receivable (note 6)		33,192		55,512
Inventories for resale and prepaid expenses (note 7)		13,117		12,166
Designated cash and investments (note 8)		27,997		29,746
Loans receivable (note 9)		57,084		51,143
Investment in Northwest Territories Power Corporation (note 10)		79,563		75,884
		260,636		**301,887**
Liabilities				
Bank overdraft		-		2,389
Accounts payable and accrued liabilities (note 11)		127,629		118,672
Due to Canada (note 5)		52,542		-
Capital lease obligations (note 12)		22,848		24,119
Long-term debt (note 13)		33,446		32,275
Post employment benefits (note 14)		44,150		40,522
		280,615		217,977
Net (debt) financial resources	**$**	**(19,979)**	**$**	**83,910**
Non-financial assets				
Tangible capital assets (schedule A)		858,390		809,839
Accumulated surplus	**$**	**838,411**	**$**	**893,749**

Commitments and contingencies (notes 18 and 19)

Approved:

Floyd K. Roland
Minister of Finance

Lew Voytilla, FCGA
Comptroller General

The accompanying notes and schedule A are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Change in Net Debt

for the year ended March 31, (thousands of dollars)		**2004**	**2003**
	Budget (unaudited)	**Actual**	**Actual**
Net financial resources at beginning of year	**$ 83,910**	**$ 83,910**	**$ 176,787**
Items affecting net financial resources:			
Annual deficit	(68,553)	(55,338)	(26,923)
Net investment in tangible capital assets (Note 16)			
Acquisitions	(80,237)	(100,387)	(115,331)
Disposals/write-downs	-	4,737	3,925
Amortization	52,582	48,972	44,919
Change in deferred capital contributions	(1,873)	(1,873)	533
Net (debt) financial resources at end of year	**$ (14,171)**	**$ (19,979)**	**$ 83,910**

The accompanying notes and schedule A are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Operations and Accumulated Surplus

for the year ended March 31, (thousands of dollars)		**2004**	**2003**
	Budget (unaudited)	**Actual**	**Actual**
Revenues			
From Canada			
Grant (note 3)	$ 809,192	$ 853,568	$ 346,409
Transfer payments (note 3)	82,880	83,398	84,558
	892,072	936,966	430,967
Generated revenues			
Corporate and Personal Income Taxes (note 3)	(130,586)	(172,968)	325,222
Other taxes	54,195	59,251	50,368
General	20,239	28,746	27,362
Sales (net of cost of goods sold of $23,757 (2003 - $22,500))	27,709	26,273	25,640
Recoveries and amortization of capital contributions	20,943	26,685	23,701
	(7,500)	(32,013)	452,293
Recoveries of prior years' expenses	3,000	3,279	1,971
	887,572	908,232	885,231
Expenses (note 20)			
Grants and contributions	433,515	432,729	399,856
Operations and maintenance	269,357	260,582	257,099
Compensation and benefits	206,891	223,902	214,224
Valuation allowances	-	4,564	3,781
Amortization of tangible capital assets	52,582	48,972	44,919
	962,345	970,749	919,879
Annual operating deficit	**(74,773)**	**(62,517)**	**(34,648)**
Net revenue from investment in Northwest Territories Power Corporation (note 10)	6,220	7,179	7,725
Projects for Canada, Nunavut and others			
Expenses	(45,757)	(56,472)	(53,561)
Recoveries	45,757	56,472	53,561
Annual deficit	**$ (68,553)**	**(55,338)**	**(26,923)**
Accumulated surplus, at beginning of the year		893,749	920,672
Accumulated surplus, at end of the year		**$ 838,411**	**$ 893,749**

The accompanying notes and schedule A are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Cash Flow

for the year ended March 31, (thousands of dollars)	2004	2003
Operating transactions		
Cash received from:		
Canada	$ 738,438	$ 194,734
Taxation	172,261	415,264
Recoveries and general revenue	53,683	41,889
Projects for Canada, Nunavut and others	60,132	52,542
Recovery of costs incurred for related parties	84,199	84,474
Revolving fund sales	50,349	48,201
	1,159,062	837,104
Cash paid for:		
Compensation and benefits	217,207	229,232
Grants and contributions	435,509	400,306
Operations and maintenance	261,064	281,042
Projects for Canada, Nunavut and others	56,472	53,561
Direct costs incurred for related parties	87,935	82,698
	1,058,187	1,046,839
Cash provided by (used for) operating transactions	**100,875**	**(209,735)**
Capital transactions		
Acquisition of tangible capital assets	(100,387)	(115,331)
Disposal of tangible capital assets (net)	4,737	3,925
Capital contributions received and deferred	11,217	13,057
Cash used for capital transactions	**(84,433)**	**(98,349)**
Investing transactions		
Short-term investments sold	16,907	208,536
Designated cash and investments sold	4,436	2,215
Loans receivable receipts	10,789	9,269
Loans receivable advanced	(24,150)	(23,721)
Dividend from Northwest Territories Power Corporation	3,500	4,000
Cash provided by investing transactions	**11,482**	**200,299**
Financing transactions		
Repayment of capital lease obligations	(1,271)	(1,256)
Long-term financing proceeds	3,457	-
Long-term financing repaid	(2,286)	(605)
Cash used for financing transactions	**(100)**	**(1,861)**
Increase (decrease) in cash and cash equivalents	**27,824**	**(109,646)**
Cash and cash equivalents at beginning of year	(2,389)	107,257
Cash and cash equivalents at end of year*	**$ 25,435**	**$ (2,389)**

* Cash and cash equivalents are represented by cash and bank overdraft.

The accompanying notes and schedule A are an integral part of the consolidated financial statements.

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The consolidated financial statements have been prepared in accordance with the *Northwest Territories Act* (Canada) and the *Financial Administration Act* of the Northwest Territories. The consolidated financial statements present summary information and serve as a means for the government to show its accountability for the resources, obligations and financial affairs for which it is responsible.

The following chart lists the organizations comprising the consolidated Government reporting entity, how they are accounted for in the consolidated financial statements and their specific operating authority.

Fully Consolidated:

Aurora College	*Public Colleges Act*
Northwest Territories Housing Corporation	*Northwest Territories Housing Corporation Act*
Northwest Territories Development Corporation	*Northwest Territories Development Corporation Act*
Northwest Territories Business Credit Corporation	*Northwest Territories Business Credit Corporation Act*
Northwest Territories Opportunities Fund	*Northwest Territories Societies Act*

Modified Equity:

Northwest Territories Power Corporation	*Northwest Territories Power Corporation Act*

These organizations have a March 31 fiscal year end except for the college, which has a fiscal year end of June 30. Revolving funds are incorporated directly into the Government's accounts while trust assets administered by the Government on behalf of other parties (note 17) are excluded from the consolidated Government reporting entity.

The following related Government boards and agencies are reflected in these statements only to the extent of the Government's contributions to them:

Divisional Education Councils and District Education Authorities
Hospitals and Regional Health Boards
Local Housing Associations and Authorities

(b) Budget

The consolidated budget figures are the appropriations approved by the Legislative Assembly, and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations. The budget figures shown have not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to employee future benefits, contingencies, revenue accruals, housing mortgages and Students Loan Fund allowances for both forgivable and delinquent mortgages and loans, and amortization expense. Other estimates, such as Canada Health and Social Transfer payments and Corporate and Personal Income Tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

(b) Short-term investments/designated cash and investments

Short-term investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis, dividend income is recognized as it is received and capital gains and losses are recognized as incurred. Unrealized losses in designated cash and investments on long-term investment portfolios and marketable securities are recognized when it is determined that there is a permanent impairment in the value of the investments.

Investment in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the exchange rate at the transaction date. Gains (losses) on foreign currency translation are included as revenues (expenses).

(c) Inventories for resale and prepaid expenses

Inventories for resale consist of bulk fuel, liquor products, arts, and crafts. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement cost. Other inventories are valued at the lower of cost, determined on a first in, first out basis and net replacement value.

Prepaid expenses are advance payments made prior to year end to meet April 1 deadlines.

(d) Loans receivable

Loans receivable are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment in Northwest Territories Power Corporation

The Northwest Territories Power Corporation (NTPC) is accountable to the government, sells goods and services to the public, can contract in its own name and can maintain itself without government support. Consequently, it is consolidated in these financial statements using the modified equity method. Under this method the Government only reports its investment in and the net revenue of the NTPC. In addition, any amounts receivable or payable from the NTPC are reported.

(f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds $50,000 and are intended to be used on an ongoing basis for delivering services. Individual assets less than $50,000 are expensed when purchased.

Tangible capital assets are recorded at cost, or where actual cost was not available, estimated current replacement cost converted back to the date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets from Canada are recorded at their fair market value, upon receipt, with the gifted or cost shared portion shown as a deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on straight line basis over their economic life based on the following guidelines:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	40 years
Airstrips and aprons	40 years
Buildings	40 years
Ferries	25 years
Water/sewer works	15 - 25 years
Mainframe and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of any payments due. The present value is based on the specified rate or the government's borrowing rate at the time obligation is incurred. Operating leases are charged to expenses. Works of art, historical treasures and crown lands are not recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Post employment benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2003 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represents the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

(i) Commitments and contingencies

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to operating, commercial and residential leases, capital projects and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(j) Grant from Canada

The Grant is subject to the terms of the Formula Financing Agreement with Canada. The Grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, Government of the Northwest Territories revenues and other federal transfers.

The initial payments of the Grant are based on estimates of these variables, supplied by Statistics Canada, Canada's Department of Finance and the Government. Adjustments are made as final data becomes available which can take between three to seven years. These adjustments can be significant and can affect both current and future years' grant entitlements positively or negatively. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All known changes to estimates, relating to current year and prior years, are recorded in the current year as revenue adjustments.

(k) Projects for Canada, Nunavut and others

The Government undertakes projects for Canada, Nunavut and others. Where possible, the Government receives accountable advances and any unexpended balances remaining at year end are recorded as current liabilities. Recoveries are accrued when expenses, as allowed under the project contract, exceed advances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxes

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act* respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(m) Other revenues/deferred revenue

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis. Funding received for specified purposes is deferred until the related expenses are incurred.

(n) Expenses

Expenses are recorded on an accrual basis. The Government records expenses in the year in which the related goods and services are utilized. Government grants and contributions are accrued as expenses when paid or earlier if the recipient has fulfilled the terms of a contractual agreement.

(o) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals are reported separately from other revenues on the consolidated statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

3. GRANT AND TRANSFER PAYMENTS FROM CANADA AND CORPORATE AND PERSONAL INCOME TAXES ESTIMATES

The Corporate and Personal Income Tax revenue recognized in any one year is based on an estimate as described in note 2(l). Income tax determined by Canada combines actual assessments with an estimate that assumes that previous years' income tax levels will be sustained. Current year Corporate and Personal Income Tax revenue is a negative amount as a result of an overpayment of $296,000,000 of previous years' Corporate Income Tax to the Government of the Northwest Territories by Canada. This overpayment is repayable to Canada.

Also, during the current year the information upon which Corporate and Personal Income Tax estimates are based was refined to reflect better estimates of the expected actual result. The effect of this change on the Income Tax revenue reported for 2004 is an increase of $1,100,000. The effect of this change on future years could be significant.

The Grant from Canada, other transfer payments and own source revenues are inter-related. As detailed in note 2(j) and note 2(l), year-to-year fluctuations in corporate and personal tax revenue, can have a significant impact on the Grant and transfer payments from Canada. The large increase in the Grant in the current year was primarily caused by the large decrease in Corporate Income Taxes.

3. GRANT AND TRANSFER PAYMENTS FROM CANADA AND CORPORATE AND PERSONAL INCOME TAXES ESTIMATES (continued)

Differences between current estimates and future actual amounts, if any, can be significant. Any such differences will be recognized when the actual tax assessments are finalized in future years.

4. SHORT-TERM INVESTMENTS

Short-term investments represent a diversified portfolio of high grade, short-term income producing assets. The portfolio yield for the year ended March 31, 2004 varied from 0.75% to 5.20% (2003 - 1.00% to 6.10%). The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service. Investments are diversified by limiting them, depending on the type of investment, to a maximum of 5% to 50% of the total portfolio. There is no significant concentration in any one investment. The average term to maturity, as at March 31, 2004, is 39 days (2003 - 44 days).

5. DUE FROM (TO) CANADA

	2004	2003
	(thousands of dollars)	
Grant receivable		
Grant per financing agreement	$ 853,568	$ 346,409
Less payments received	(633,377)	(110,402)
	220,191	236,007
Balance receivable (payable) at beginning of year	17,610	(218,397)
	237,801	17,610
Other receivables		
Indian and Inuit hospital and medical care	19,205	25,470
Canada Mortgage and Housing Corporation	4,556	4,535
Projects on behalf of Canada	13,917	16,323
Miscellaneous receivables	16,731	19,395
	292,210	**83,333**
Other payables		
Excess income tax advanced	(324,201)	(35,004)
Advances for projects on behalf of Canada	(323)	(1,018)
Miscellaneous payables	(12,933)	(11,030)
Deferred funding for specified purposes	(7,295)	-
	(344,752)	**(47,052)**
	$ (52,542)	**$ 36,281**

The amounts due from (to) Canada are non-interest bearing.

6. ACCOUNTS RECEIVABLE

	2004	2003
	(thousands of dollars)	
General	$ 18,719	$ 22,375
Government of Nunavut	7,935	30,590
Revolving fund sales	3,706	3,571
Accrued interest	314	382
	30,674	56,918
Less: allowance for doubtful accounts	6,102	7,091
	24,572	**49,827**
Receivables from related parties:		
District Education Authorities and Divisional Education Councils	3,124	303
Hospitals and Regional Health Boards	1,589	674
Local Housing Associations and Authorities	374	653
Northwest Territories Power Corporation	3,533	4,055
	8,620	**5,685**
	$ 33,192	**$ 55,512**

7. INVENTORIES FOR RESALE AND PREPAID EXPENSES

	2004	2003
	(thousands of dollars)	
Inventories for resale		
Bulk fuels	$ 3,863	$ 4,874
Liquor products	2,868	2,191
Arts and crafts	1,517	1,570
Others	114	92
	8,362	**8,727**
Prepaid operational expenses	**4,755**	**3,439**
	$ 13,117	**$ 12,166**

8. DESIGNATED CASH AND INVESTMENTS

	2004	2003
	(thousands of dollars)	
Investment portfolio:		
Marketable securities (market value $12,909,000; 2003 - $15,665,000)	$ 12,163	$ 17,382
Treasury bills (market value approximates cost)	9,035	2,050
Cash and other assets (market value approximates cost)	110	56
	21,308	**19,488**
Students Loan Fund:		
Authorized limit	33,000	33,000
Less: Loans receivable	28,079	26,256
Segregated and designated for new loans	**4,921**	**6,744**
Miscellaneous investments, net of allowance for loss	**1,768**	**3,514**
	$ 27,997	**$ 29,746**

The cash, treasury bills and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance Plan I. The assets in the investment portfolio are managed by McLean Budden and UBS Global Asset Management. Supplementary Retiring Allowance Regulations restrict the investments McLean Budden and UBS Global Asset Management can make to those as permitted under the *Pension Benefits Standards Act*.

The average market yield on the portfolio is 2.7% (2003 - 3.6%) with maturity dates ranging from April 2004 to March 2035. The gain on investments, including interest, dividends and gains or losses on disposal was $2,687,000 (2003 loss - $2,304,000).

9. LOANS RECEIVABLE

	2004	2003
	(thousands of dollars)	
Northwest Territories Business Credit Corporation loans to businesses receivable over a maximum of 25 years, bearing fixed interest between 3.50% and 9.75%, net of allowance for doubtful accounts of $8,955,000 (2003 - $7,370,000)	$ 31,579	$ 28,521
Northwest Territories Housing Corporation mortgage and interim financing loans to individuals receivable over a maximum of 25 years, bearing fixed interest between 5.95% and 14.25%, net of allowance for doubtful accounts of $9,365,000 (2003 - $8,005,000)	3,015	3,380
Students Loan Fund loans due in installments to 2015, bearing fixed interest between 1.5% and 12.5%, net of allowance for doubtful accounts and loan remissions of $18,579,000 (2003 - $16,799,000)	9,500	9,457
Loans to municipalities due in installments to 2026, bearing fixed interest of 11.27%	2,618	2,713
Northwest Territories Power Corporation $20,000,000 line of credit, secured by a promissory note, bearing interest between 2.16% and 3.24%	8,000	4,000
Other	2,372	3,072
	$ 57,084	$ 51,143

The amounts expected to be received in the upcoming year are $13,515,000 (2003 - $16,485,000). Interest earned on loans receivable during the year was $4,127,000 (2003 - $4,004,000).

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of these loans receivable due to the significant valuation allowances provided. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

10. INVESTMENT IN NORTHWEST TERRITORIES POWER CORPORATION

The following is summarized financial information for Northwest Territories Power Corporation as at March 31, 2004:

	2004	2003
	(thousands of dollars)	
Investment in Northwest Territories Power Corporation Shareholder's Equity, including share capital of $43,129	**$ 79,563**	**$ 75,884**
Shareholder's Equity is represented by:		
Assets	278,672	262,660
Liabilities	(199,109)	(186,776)
	$ 79,563	$ 75,884

Statement of Operations and Surplus

For the year ended March 31,	**2004**	**2003**
Revenue	$ 68,955	$ 67,242
Expenses	(61,776)	(59,517)
Net revenue	7,179	7,725
Surplus at beginning of the year	32,755	29,030
Dividend	(3,500)	(4,000)
Surplus at end of the year	**$ 36,434**	**$ 32,755**

Included in the above are revenues from and expenses to entities in the Government's reporting entity of $20,138,000 (2003 - $18,992,000) and $2,755,000 (2003 - $3,012,000) respectively.

Division of Northwest Territories Power Corporation

The Government's investment in Northwest Territories Power Corporation (NTPC) decreased on April 1, 2001 as a result of the transfer of NTPC's Nunavut operations to the Government of Nunavut. The transfer and the related allocation (estimated) of the Government's investment to Nunavut is subject to arbitration and subsequent ratification by each government. It is not known when the allocation will be finalized. Adjustments to the estimated allocation, if any, will be recorded when known, the same as was done for the original transfer, as a capital transfer of net financial resources and accumulated surplus.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2004	2003
	(thousands of dollars)	
Trade	$ 74,560	$ 55,450
Government of Nunavut	29	8,587
Other liabilities, payroll liabilities and contractors' holdbacks	15,316	13,863
Employee vacation pay	13,543	13,003
Provision for equal pay settlement	10,632	15,071
Accrued interest	481	498
Deferred funding for specified purposes	181	272
	114,742	**106,744**
Payable to related parties		
Divisional Education Councils and District Education Authorities	289	1,201
Hospitals and Regional Health Boards	10,290	8,351
Local Housing Associations and Authorities	690	1,388
Northwest Territories Power Corporation	1,007	988
Workers' Compensation Board (Northwest Territories and Nunavut)	611	-
	12,887	**11,928**
	$ 127,629	**$ 118,672**

12. CAPITAL LEASE OBLIGATIONS

	2004	2003
	(thousands of dollars)	
Buildings	**$ 22,848**	**$ 24,119**

Interest expense related to capital lease obligations for the year was $2,547,000 (2003 - $2,678,000), at an implied average interest rate of 10.85% (2003 - 10.82%). Capital lease obligations are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2004.

		(thousands of dollars)
	2005	$ 3,964
	2006	3,964
	2007	3,964
	2008	3,964
	2009	3,367
	2010 and beyond	19,754
Total minimum lease payments		38,977
Less: imputed interest (10.6%)		16,129
Present value of minimum lease payments		**$ 22,848**

13. LONG-TERM DEBT

	2004 (thousands of dollars)	2003
Northwest Territories Housing Corporation loans due to Canada Mortgage and Housing Corporation, repayable in annual installments of $2,704,000 to the year 2033, bearing fixed interest at a rate of 6.97% (2003 - 6.97%). Fair value is estimated at $28,324,000 (2003 - $27,721,000)	$ 26,659	$ 27,225
Aurora Fund loan maturing 2004, bearing interest at 7%	-	1,620
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of $9,474, maturing September 2004 bearing interest at 5.77%	1,364	-
Immigrant investor loan, 0% interest, repayable as a single payment at the end of 5 years. Maturing between October 2008 and February 2009.	2,078	-
Other	3,345	3,430
	$ 33,446	**$ 32,275**

Principal and interest amounts due in each fiscal year for the next five years:

	Principal	Interest (thousands of dollars)	Total
2005	$ 754	$ 2,065	$ 2,819
2006	801	2,017	2,818
2007	852	1,965	2,817
2008	908	1,910	2,818
2009	3,044	1,850	4,894

The interest paid on long-term debt during the year was $2,107,000 (2003 - $2,470,000).

Debt Authority

Canada, pursuant to subsection 20(2) of the *Northwest Territories Act*, has approved the Government borrowing up to $300 million.

	2004 (thousands of dollars)	2003
Bank overdraft	**$ -**	**$ 2,389**
Debt of the consolidated entities		
Government of the Northwest Territories, long-term debt	1,364	-
NWT Power Corporation, long-term debt	93,033	93,700
NWT Housing Corporation, loans payable	26,659	27,225
NWT Energy Corporation, debenture series	23,149	23,447
NWT Power Corporation, operational debt	12,772	10,003
	156,977	**154,375**
Total debt	**156,977**	**156,764**
Authorized borrowing limit	300,000	300,000
Available borrowing capacity	**$ 143,023**	**$ 143,236**

14. POST EMPLOYMENT BENEFITS

	2004	2003
	(thousands of dollars)	
Employee Future Benefits		
Resignation	$ 14,728	$ 13,236
Removal	5,317	5,417
Retirement	3,568	2,252
	23,613	**20,905**
Pension Liabilities		
Legislative Assembly Supplementary Retiring Allowance Plans	18,417	17,714
Judges' Supplemental Pension Plan	2,120	1,903
	20,537	**19,617**
Total	**$ 44,150**	**$ 40,522**

The expected payments due for employee future benefits in the current year are $2,428,000 (2003 - $2,085,000).

The Government maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. Both plans are contributory defined benefit registered pension plans. These two pension plans are fully funded, consequently the Government has no net liabilities as at March 31, 2004 (2003 - nil). The funds related to these plans are administered by independent trust companies. As well there are three supplementary plans known as the Legislative Assembly Supplementary Retiring Allowance Plan I, the Legislative Assembly Supplementary Retiring Allowance Plan II, and the Judges' Supplemental Pension Plan. The Legislative Assembly Supplementary Retiring Allowance Plan II came into force April 2002. These three plans are non-contributory defined benefit pension plans. The Government is liable for all benefits. Benefits provided under all five plans are based on service and/or earnings.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 2000 and April 1, 2001 respectively, using the projected benefit method prorated on service. Actuarial valuations have not been completed for the Legislative Assembly Supplementary Retiring Allowance Plan II. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. The actuarial valuations were extrapolated to March 31, 2004, if they were not valued at the balance sheet date.

Pension Expense

Pension expense for the Legislative Assembly Retiring Allowance Fund, the Territorial Court Judges' Registered Pension Plan, the Legislative Assembly Supplementary Retiring Allowance, Plans I and II, and Judges' Supplemental Pension Plan for the year totaled $1,555,000 (2003 - $2,964,000). The Government's contributions to the Public Service Superannuation Plan were $21,823,000 (2003 - $22,016,000). The employees' contributions to the Public Service Superannuation Plan were $10,198,000 (2003 - $10,288,000).

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to the portion of a tangible capital asset that was gifted from or cost shared with Canada. The most significant of these assets are roads and airports. The capital contributions are deferred and amortized to revenue over the same life as the related asset. Deferred capital contributions are recorded as a net to tangible capital assets (Schedule A).

	2004	2003
	(thousands of dollars)	
Deferred capital contributions at beginning of year	$ 215,083	$ 214,550
Add: Assets gifted or cost shared during the year	11,217	13,057
Less: Amortization of capital contributions	(13,090)	(12,524)
Deferred capital contributions at end of year	**$ 213,210**	**$ 215,083**

16. NET INVESTMENT IN TANGIBLE CAPITAL ASSETS

Net investment in tangible capital assets represents the total of tangible capital assets acquired, disposed of, and contributed during the year, net of the annual related amortization charged to operations.

17. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2004	2003
	(thousands of dollars)	
Correctional institutions and other	$ 245	$ 233
Natural Resources - capital	188	188
Public Trustee	2,896	2,695
Territorial and Supreme Courts	841	420
Workers' Compensation Board (Northwest Territories and Nunavut)	258,215	263,585
	$ 262,385	**$ 267,121**

The Workers' Compensation Board (Northwest Territories and Nunavut) has a fiscal year end of December 31. Its most recent financial statements and those of the Public Trustee are reproduced in Section III of the Public Accounts of the Government.

18. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2004:

	Expiry Date	2005	2006-2039	Total
		(thousands of dollars)		
Canada Mortgage and Housing Corporation	2038	$ 3,831	$ 56,076	$ 59,907
Commercial and Residential Leases	2031	17,552	69,096	86,648
Equipment Leases	2008	1,111	1,191	2,302
Operational Commitments	2013	24,630	21,421	46,051
RCMP Policing Agreement	2012	22,409	179,272	201,681
Tangible Capital Asset Acquisition Commitments - projects in progress at March 31, 2004	2006	30,895	2,380	33,275
Western Harvesters' Assistance Program	2006	134	134	268
		$ 100,562	**$ 329,570**	**$ 430,132**

(a) Canada Mortgage and Housing Corporation (CMHC)

In accordance with a Declaration of Trust Agreement, the Canada Mortgage and Housing Corporation (CMHC) transferred its ownership interest in territorial rental and loan portfolios to the Northwest Territories Housing Corporation (the Corporation), as Trustee. The Corporation assumed full responsibility and liability for the social housing programs related to the portfolios and receives annual funding from CMHC to manage these programs. The Agreement and funding expire in 2038.

A portion of this funding is used to make payments on portfolio-related CMHC mortgages of $59,907,000 (2003 - $63,363,000) maturing between 2005 and 2038, at interest rates ranging from 4.5% to 21.5%. As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains on the disposal of any portfolio assets.

The portfolio assets and mortgages, held in trust, are recorded only as a commitment in these financial statements. CMHC retains the annual mortgage-related funding to make the mortgage payments, and accordingly neither the funding nor the mortgage payments are recorded by the Government. The mortgages, held in trust, are not included as borrowings for the purposes of the debt authority limits described in note 13.

(b) Charge back of services

The Government has 8 (2003 - 8) cost recovery service agreements with the Government of Nunavut for the provision of various corporate and program delivery services. The expenses on and costs recovered from these projects on behalf of Nunavut are estimated at $10,484,000 (2003 - $10,698,000) for the fiscal year 2004-2005.

19. CONTINGENCIES

(a) Environmental restoration costs

As circumstances and funding have permitted, the Government has been identifying sites of potential liability and remediating the sites as necessary. To date, the Government has remediated, or determined that no liability exists, at 44 sites. An additional 53 sites have plans in place for remediation while 229 require initial or additional studies to determine the existence and/or extent of the environmental liability.

Of the 229 total sites identified as requiring more investigation, 126 are active fuel caches managed by the Department of Resources, Wildlife and Economic Development that are located a distance from communities. Many of these caches, because of their remoteness and the small number of drums involved (with the potential for only limited local contamination), have not yet been formally assessed. As these sites are re-supplied, each is inspected for liabilities. In addition, the Department currently has 48 inactive fuel caches where there are no drums stored.

In the case of the Petroleum Products Stabilization Fund (PPRF) comprehensive site assessments at each of its bulk fuel storage pipeline distribution systems have been completed (included in sites with plans in place above). The assessments confirmed that hydrocarbon contamination is present in varying levels at all sites. There have been nine Phase III Assessments and one Risk Assessment completed to date. Costs cannot be obtained until remediation has commenced and the scope of work is established. Remediation plans have been prepared to reduce these liabilities over the next five to ten years.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2004, cost estimates of sufficient accuracy are not yet available to predict future costs, if any, of restoration, consequently, no liabilities have been accrued.

(b) Guarantees

The Government has guaranteed operating lines of credit for Sirius Diamonds NWT Ltd. to a maximum of $8,000,000; Arslanian Cutting Works (NWT) Ltd. to a maximum of $9,200,000 and Deh Cho Bridge Corporation Ltd. to a maximum of $2,000,000 subject to terms of the guarantee agreements which may require specific approval for future advances. At March 31, 2004 balances on the operating lines of credit are $7,960,000 and $9,180,000 and $1,499,000 respectively. Subsequent to March 31, 2004 the banks have called the guarantees for Sirius Diamonds NWT Ltd. and Arslanian Cutting Works (NWT). Sirius Diamonds NWT Ltd. has filed a Notice of Intention to File a Proposal under the *Bankruptcy and Insolvency Act* which provided them with a period of time to file a proposal to satisfy the guaranteed loan amount or restructure the company through new investment. At the date these financial statements were prepared this has not yet occurred. While the Government has booked a loss provision of $3,000,000 for this guarantee it is not known what the final outcome will be. Arslanian Cutting Works (NWT) has subsequently restructured and the guaranteed amount has been reduced to $3,200,000.

The Government has guaranteed residential housing loans to banks totaling $6,533,000 (2003 - $7,201,000) and indemnified Canada Mortgage and Housing for third party loans totaling $39,035,000 (2003 - $40,233,000). In addition, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the percentage the Northwest Territories' population is of the Canadian population. No claims have been made on these guarantees.

19. CONTINGENCIES (continued)

(c) Litigation

More individuals have come forward alleging abuse by a former school teacher in Nunavut, formerly part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending this action and any damages that may eventually be awarded will be shared by the two Governments 56.66% and 44.34% respectively. An estimate of the Government of the Northwest Territories share of the loss arising from these suits has been accrued, however the final outcome may vary significantly from this estimate.

A number of new cases of alleged sexual abuse by former Government of the Northwest Territories employees or contractors have been filed, or are pending against the Government, in addition to the case disclosed above. The Northwest Territories and Nunavut will jointly defend any such proceedings and the cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 56.66% and 44.34% respectively. An estimate of any potential liability that may result from these actions is not determinable at this time, consequently no liability has been accrued.

A claim related to the construction of the hydro system on the Taltson River has been filed against the Government, the Northwest Territories Power Corporation and the Government of Canada. It is anticipated that no significant loss will result from this claim.

20. EXPENSES BY PROGRAM

	2004	**2003**
	(thousands of dollars)	
Social Programs	$ 683,659	$ 642,224
Economic Programs	161,980	155,968
Other	125,110	121,687
	$ 970,749	**$ 919,879**

21. RELATED PARTIES

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made contributions and grants to the following related parties:

	2004	**2003**
	(thousands of dollars)	
Hospitals and Regional Health Boards	$ 171,808	$ 153,702
Divisional Education Councils and District Education Authorities	108,450	102,421
Local Housing Associations and Authorities	32,293	32,866
	$ 312,551	**$ 288,989**

21 RELATED PARTIES (continued)

The Government funds communities, boards, agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of boards and agencies. An estimate of this potential liability, if any, cannot be readily determined.

Under agreements with related boards and agencies, the Government provides services either at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided include personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of $87,935,000 (2003- $82,698,000) were incurred and recovered from related parties.

22. FINANCIAL INSTRUMENTS

The fair value of short-term financial instruments, including cash/bank overdraft, short-term investments, due (to) from Canada, accounts receivable, and accounts payable and accrued liabilities approximate the carrying amounts because of the short-term to maturity.

The fair value of the Government's long-term financial instruments, including designated cash and investments, loans receivable, capital lease obligations, and long-term debt is detailed in the related separate notes. Where fair value amounts are not detailed, the carrying amounts approximate the fair value.

23. OVEREXPENDITURE

The Department of Health and Social Services exceeded the amounts appropriated to them for operations and maintenance activities by $1,248,000. This contravenes the *Financial Administration Act, (FAA)* section 32, which states "No person shall incur an expense that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded".

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories

Schedule A

Consolidated Schedule of Tangible Capital Assets

for the year ended March 31,
(thousands of dollars)

	Land	Buildings	Other*	Leasehold Improvements	Equipment	Computers	2004	2003
Cost of tangible capital assets, opening **	$ 2,029	$ 735,575	$ 612,734	$ 19,173	$ 54,725	$ 20,263	$ 1,444,499	$ 1,329,619
Acquisitions	2	69,957	14,710	2,421	3,571	5,535	96,196	118,993
Disposals	(178)	(5,696)	(1,809)	-	(271)	(9)	(7,963)	(4,113)
Cost of tangible capital assets, closing	$ 1,853	$ 799,836	$ 625,635	$ 21,594	$ 58,025	$ 25,789	$ 1,532,732	$ 1,444,499
Accumulated amortization, opening	$ -	$ (274,610)	$ (186,080)	$ (11,669)	$ (29,464)	$ (11,694)	$ (513,517)	$ (468,786)
Amortization expense	-	(25,208)	(16,376)	(1,351)	(3,122)	(2,915)	(48,972)	(44,919)
Write-downs	-	-	-	-	2	(2)	-	(1,122)
Disposals	-	2,243	966	-	13	4	3,226	1,310
Accumulated amortization, closing	$ -	$ (297,575)	$ (201,490)	$ (13,020)	$ (32,571)	$ (14,607)	$ (559,263)	$ (513,517)
Net book value	$ 1,853	$ 502,261	$ 424,145	$ 8,574	$ 25,454	$ 11,182	973,469	930,982
Work in Progress							98,131	93,940
Deferred capital contributions (note 15)							(213,210)	(215,083)
							$ **858,390**	$ **809,839**

*includes roads, bridges, airstrips, aprons, and water/sewer works

**opening cost of tangible capital assets and related accumulated amortization were reallocated with no effect to total net book value

PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2003 - 2004

Section II Non Consolidated Financial Statements

Northwest
Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2004

SECTION II

NON-CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

HONOURABLE FLOYD K. ROLAND

Minister of Finance

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Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (unaudited)

As at March 31, (thousands of dollars)	2004	2003
Financial resources		
Cash (note 3)	$ 17,663	$ -
Short-term investments (note 4)	7,296	24,440
Due from Canada (note 5)	-	31,745
Accounts receivable (note 6)	33,160	52,433
Inventories and prepaid expenses (note 7)	11,436	10,567
Designated cash and investments (note 8)	26,229	26,231
Loans receivable (note 9)	58,068	50,097
Investment in Northwest Territories Power Corporation, at nominal value of one dollar	-	-
	153,852	**195,513**
Liabilities		
Bank overdraft (note 3)	-	2,744
Due to Canada (note 5)	57,099	-
Accounts payable and accrued liabilities (note 11)	114,905	108,500
Capital lease obligations (note 12)	13,110	15,275
Long term debt (note 13)	1,364	-
Post employment benefits (note 14)	43,026	39,547
	229,504	**166,066**
Net (debt) financial resources	**$ (75,652)**	**$ 29,447**
Non-financial assets		
Tangible capital assets (schedule C)	984,039	946,080
less: deferred capital contributions (note 15)	(213,210)	(215,083)
	770,829	**730,997**
Accumulated surplus	**$ 695,177**	**$ 760,444**

Commitments and contingencies (notes 18 and 19)

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Change in Net Debt (unaudited)

for the year ended March 31, (thousands of dollars)	**2004**		**2003**
	Main Estimates (note 1c)	**Actual**	
Net financial resources at beginning of year	**$ 29,447**	**$ 29,447**	**$ 127,117**
Items affecting net financial resources:			
Annual deficit for the year	(76,778)	(65,267)	(33,541)
Increase in tangible capital assets, net book value (schedule C)	(52,789)	(37,959)	(64,662)
Increase (decrease) in deferred capital contributions (note 15)	(43)	(1,873)	533
Net (debt) financial resources at end of year	**$ (100,163)**	**$ (75,652)**	**$ 29,447**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, (thousands of dollars)	**2004**		**2003**
	Main Estimates (note 1c)	**Actual**	
Revenues			
Revenues by source (schedule A)	$ 851,133	$ 867,750	$ 844,157
Recoveries of prior years' expenses (schedule 3)	3,000	3,326	1,972
	854,133	871,076	846,129
Expenses (Schedule B)			
Compensation and benefits	180,951	189,184	181,815
Grants and contributions	462,566	473,657	433,837
Valuation allowances	-	2,143	2,467
Other	235,118	227,566	221,577
Amortization	45,276	43,795	40,429
Estimated supplementary requirements (note 1c)	15,000	-	-
Estimated appropriation authority lapse (note 1c)	(8,000)	-	-
	930,911	936,345	880,125
Annual operating deficit	**(76,778)**	**(65,269)**	**(33,996)**
Petroleum Products Stabilization Fund - net revenue (note 16)	-	2	455
Projects for Canada, Nunavut and others			
Expenses	(45,757)	(56,472)	(53,561)
Recoveries	45,757	56,472	53,561
Annual deficit	$ (76,778)	**(65,267)**	**(33,541)**
Accumulated surplus, at beginning of year		760,444	793,985
Accumulated surplus, at end of year		**$ 695,177**	**$ 760,444**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flow (unaudited)

for the year ended March 31, (thousands of dollars)	**2004**	**2003**
Operating transactions		
Cash received from:		
Canada	$ 715,931	$ 173,777
Taxation	172,311	415,484
Recoveries and general revenue	30,530	36,393
Projects for Canada, Nunavut and others	60,131	50,906
Recovery of costs incurred for related parties	83,859	84,279
Revolving funds sales	50,195	48,953
	1,112,957	809,792
Cash paid for:		
Compensation and benefits	184,579	198,574
Grants and contributions	471,873	433,467
Operations and maintenance	236,168	255,390
Projects for Canada, Nunavut and others	56,472	53,561
Direct costs incurred for related parties	87,935	82,698
	1,037,027	1,023,690
Cash provided by (used for) operating transactions	**75,930**	**(213,898)**
Capital transactions		
Acquisition of tangible capital assets	(84,746)	(107,946)
Disposal of tangible capital assets (net)	2,992	2,855
Capital contributions received and deferred	11,217	13,057
Cash used for capital transactions	**(70,537)**	**(92,034)**
Investing transactions		
Designated cash and investments redeemed (purchased)	2,054	2,656
Loans receivable receipts	446	2,213
Loans receivable advanced	(3,829)	(14,717)
Cash used for investing transactions	**(1,329)**	**(9,848)**
Financing transactions		
Repayment of capital lease obligations	**(2,165)**	**(931)**
Long-term financing proceeds	1,379	-
Long-term financing repaid	(15)	-
Cash used for financing activities	**(801)**	**(931)**
Increase (decrease) in cash and cash equivalents	**3,263**	**(316,711)**
Cash and cash equivalents at beginning of year	21,696	338,407
Cash and cash equivalents at end of year*	**$ 24,959**	**$ 21,696**

* Cash and cash equivalents are represented by cash and short-term investments.

The accompanying notes and Schedules A and B are an integral part of the non-consolidated financial statements.

1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

(a) Authority and operations

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

(b) Reporting entity

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Government Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from, them:

Aurora College
Divisional Educational Councils and District Education Authorities
Hospitals and Regional Health Boards
Northwest Territories Business Credit Corporation
Northwest Territories Development Corporation
Northwest Territories Housing Corporation
Northwest Territories Power Corporation
Northwest Territories Opportunities Fund

Detailed financial information on revolving funds and Territorial Crown Corporations is included in Section III of the Public Accounts.

(c) Main estimates

The Main Estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

The estimated supplementary requirements and the estimated appropriation authority lapse are included in the Main Estimates on the statement of operations and surplus. They are included for the purpose of comparing the actual net operating revenue (expense) to the estimated net operating revenue (expense).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to employee future benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and delinquent loans and amortization expense. Other estimates, such as Canada Health and Social Transfer payments and Corporate and Personal Income Tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

(b) Short-term investments/designated cash and investments

Investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis, dividend income is recognized as it is received and gains and losses are recognized as incurred. Unrealized losses are recognized when it is determined that there is a permanent impairment in the value of the investments.

Investment in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the exchange rate at the transaction date. Gains (losses) on foreign currency translation are included as revenues (expenses).

(c) Inventories and prepaid expenses

Inventories for resale consist of bulk fuel and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement cost. Other inventories are valued at the lower of cost, determined on a first in, first out basis and net replacement value.

Prepaid expenses are advance payments made prior to year end to meet April 1 deadlines.

d) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

(e) Investment in the Northwest Territories Power Corporation

The Government is the shareholder of the Northwest Territories Power Corporation, a Territorial Crown Corporation providing utility services in the Northwest Territories. The Government's share of the net assets of the Corporation has been recorded at a nominal value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-financial assets

Tangible Capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds $50,000 and are intended to be used on an ongoing basis for delivering services. Individual assets less than $50,000 are expensed when purchased.

Tangible capital assets are recorded at cost, or where actual cost was not available, estimated current replacement cost converted back to date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets from Canada are recorded at fair market value upon receipt, with the gifted or cost shared portion shown as a deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service are amortized on straight line basis over their economic life based on the following guidelines:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	40 years
Airstrips and aprons	40 years
Buildings	40 years
Ferries	25 years
Water/sewer works	15 - 25 years
Mainframe and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of any payments due. The present value is based on the specified rate or the government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. Works of art, historical treasures and crown lands are not recorded.

(h) Post employment benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2003 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represents the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Post employment benefits (continued)

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

(i) Commitments and contingencies

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is recorded. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(j) Grant from Canada

The Grant from Canada is subject to the terms of the *Formula Financing Agreement* with Canada. The Grant entitlement depends on a number of variables, including population growth, provincial-local government spending growth, national GDP growth, Government of the Northwest Territories revenues and other federal transfers.

The initial payments of the Grant are based on estimates of these variables, supplied by Statistics Canada, Canada's Department of Finance and the Government. Adjustments are made as final data becomes available which can take between three to seven years. These adjustments can be significant and can affect both current and future years' Grant entitlement positively or negatively. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All known changes to estimates, relating to current year and prior years, are recorded in the current year as revenue adjustments.

(k) Projects for Canada, Nunavut and others

The Government undertakes projects for Canada, Nunavut and others. Where possible the Government receives accountable advances and any unexpended balances remaining at year end are recorded as current liabilities. Recoveries are accrued when expenses, as allowed under the project contract, exceed advances.

(l) Taxes

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxes (continued)

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act* respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(m) Other revenues/deferred revenue

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis. Funding received for specified purposes is deferred until the related expenses are incurred.

(n) Expenses

Expenses are recorded on an accrual basis. The Government records expenses in the year in which the related goods and services are utilized. Government grants and contributions are accrued as expenses when paid or earlier if the recipient has fulfilled the terms of the contractual agreement.

(o) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

3. CASH (BANK OVERDRAFT)

	2004	2003
	(thousands of dollars)	
Cash in bank	$ 13,996	$ 15,364
Overdraft at bank	(25,472)	(11,811)
Outstanding items	29,139	(6,297)
	$ 17,663	**$ (2,744)**

The Government has a line of credit provided by a chartered bank. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is based on prime and the collateral is on the Consolidated Revenue Fund of the Government. Interest is only charged when there is a net overdraft balance of the Government and its pool participants. Interest paid in 2004 was $3,090 (2003 - $2,000). The average borrowing rate during the year was 4.63% (2003 - 3.57%). As at March 31, 2004 there was no net overdraft balance (2003 - nil).

4. SHORT-TERM INVESTMENTS

The surplus cash of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, boards and agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

At March 31, 2004 the investment pool had total investments of $48 million (2003 - $55 million). The Government's portion of this is $ 7,296,000 (2003 - $24,440,000). The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines, Financial Administration Act and Investment Regulations. All short-term instruments, depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Ltd. Investments are diversified limiting them, depending on the type of investment, to a maximum of 10% to 50% of the total portfolio. There is no significant concentration in any one investment.

At March 31, 2004 the average term to maturity was 17 days (2003 - 18 days). The portfolio yield for the year varied from 2.16% to 3.24% (2003 - 2.03% to 2.94%). In 2004 the Government earned interest on short-term investments of $1,710,000 (2003 - $4,004,000).

5. DUE FROM (TO) CANADA

	2004	2003
	(thousands of dollars)	
Grant receivable		
Grant per financing agreement	$ 853,568	$ 346,409
Less payments received	(633,377)	(110,402)
	220,191	236,007
Balance receivable (repayable) at beginning of year	17,609	(218,398)
	237,800	17,609
Other receivables:		
Indian and Inuit hospital and medical care	19,205	25,471
Projects on behalf of Canada	13,917	16,322
Miscellaneous receivables	16,731	19,395
	287,653	**78,797**
Other payables:		
Advances for projects on behalf of Canada	(323)	(1,018)
Excess income tax advanced	(324,201)	(35,004)
Miscellaneous payables	(12,933)	(11,030)
Deferred funding for specified purposes	(7,295)	-
	(344,752)	**(47,052)**
	$ (57,099)	**$ 31,745**

The amounts due (to) from Canada are non-interest bearing.

6. ACCOUNTS RECEIVABLE

	2004	2003
	(thousands of dollars)	
General	$ 16,057	$ 17,676
Government of Nunavut	7,935	30,590
Revolving funds sales	4,305	4,014
Accrued interest	126	208
	28,423	52,488
Less: allowance for doubtful accounts	6,102	7,092
	22,321	**45,396**
Receivables from related parties:		
Aurora College	711	1,307
Divisional Education Councils and District Education Authorities	3,124	303
Hospitals and Regional Health Boards	1,589	674
Northwest Territories Development Corporation	148	67
Northwest Territories Housing Corporation	1,734	631
Northwest Territories Power Corporation	3,533	4,055
	10,839	**7,037**
	$ 33,160	**$ 52,433**

During the year, $145,000 in accounts receivable (2003 - $101,000) were written off and $477,000 (2003 - $219,000) were forgiven.

7. INVENTORIES AND PREPAID EXPENSES

	2004	2003
	(thousands of dollars)	
Inventories for resale		
Bulk fuels	$ 3,863	$ 4,874
Liquor products	2,868	2,191
Public stores	114	92
	6,845	**7,157**
Prepaid operational expenses	**4,591**	**3,410**
	$ 11,436	**$ 10,567**

Bulk fuel inventory write-down for 2004 was $115,000 (2003 - $122,000).

8. DESIGNATED CASH AND INVESTMENTS

	2004	2003
	(thousands of dollars)	
Investment portfolio:		
Marketable securities (market value $12,909,000; 2003-$15,665,000)	$ 12,163	$ 17,381
Treasury bills (market value approximates cost)	9,035	2,050
Cash and other assets (market value approximates cost)	110	56
	21,308	**19,487**
Students Loan Fund:		
Authorized limit	33,000	33,000
Less: loans receivable	28,079	26,256
Segregated and designated for new loans	**4,921**	**6,744**
	$ 26,229	**$ 26,231**

The cash and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance Plan and cannot be used for any other purpose. The assets in the investment portfolio are managed by CIBC Mellon Global Securities Company. Supplementary Retiring Allowances Regulations restrict the investments that CIBC Mellon Global Securities Company can make to those listed in the *Pension Benefits Standards Act*.

The proportionate asset mix in the investment portfolio is as follows as at:

	2004 %	2003 %
Canadian stocks	17.96	17.35
Cash and other assets	5.73	10.77
Corporate bonds	13.08	13.63
Federal bonds	18.28	16.68
Foreign stocks	33.98	29.28
Provincial bonds	10.97	12.29
	100.00	100.00

The average market yield on the portfolio is 2.7% (2003 - 3.6%) with maturity dates ranging from April 2004 to March 2035. The gain (loss) on investments, including interest, dividends and gains or losses on disposal was $2,640,000 (2003 loss - $2,376,000).

9. LOANS RECEIVABLE

	2004	2003
	(thousands of dollars)	
Working Capital advances to the Northwest Territories Business Credit Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates at the end of the month	$ 35,578	$ 31,204
Students Loan Fund loans due in installments to 2016, bearing interest between 1.5% and 12.50%, net of allowance for doubtful accounts and loan remissions of $18,579,000 (2003 - $16,799,000)	9,500	9,457
Northwest Territories Power Corporation $20,000,000 line of credit, secured by a promissory notes, bearing interest between 2.16 and 3.24%	8,000	4,000
Loans to municipalities due in installments to 2026, bearing an interest of 11.27%	2,618	2,713
Other*	2,372	2,723
	$ 58,068	**$ 50,097**

The amount that is expected to be received in the current year is $1,236,000 (2003 - $1,510,000). The interest earned on loans receivable during the year was $1,801,000 (2003 - $1,914,000).

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of these loans receivable due to the significant valuation allowances provided. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

* Other receivables includes a loan to Deton'Cho Corporation repayable in 20 equal installments over ten years and bearing no interest. This loan results from a guarantee the Government made for Deton'Cho Diamonds Inc. that was subsequently called by the bank. Foregone interest, calculated at the Government's long term borrowing rate is recorded as a Grant in Kind, in 2004 interest was $134,000 (2003 - $95,202).

During the year, the following amounts were written off or forgiven with proper authority:

	2004	2003
	(thousands of dollars)	
Students Loan Fund:		
Forgivable loan remissions, including interest	$ 1,620	$ 1,251
Write-offs	291	392
	$ 1,911	**$ 1,643**

10. SHORT-TERM LOANS

There were no short-term loans as at March 31, 2004 (2003 -nil). The borrowing limit under the *Borrowing Authorization Act* is $175 million.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2004	2003
	(thousands of dollars)	
Trade	$ 65,469	$ 48,011
Other liabilities, payroll deductions and contractors' holdbacks	14,042	13,336
Government of Nunavut	29	8,587
Employee vacation pay	10,411	10,246
Deferred revenue	397	211
Provision for equal pay settlement	10,632	15,071
	100,980	**95,462**
Payables to related parties:		
Aurora College	804	1,381
Divisional Education Councils and District Education Authorities	289	1,201
Hospitals and Regional Health Boards	10,290	8,351
Northwest Territories Development Corporation	48	10
Northwest Territories Housing Corporation	876	1,107
Northwest Territories Power Corporation	1,007	988
Workers' Compensation Board (Northwest Territories and Nunavut)	611	-
	13,925	**13,038**
	$ 114,905	**$ 108,500**

12. CAPITAL LEASE OBLIGATIONS

	2004	2003
	(thousands of dollars)	
Buildings	**$ 13,110**	**$ 15,275**

Interest expense related to capital lease obligations for the year was $1,692,000 (2003 - $1,845,000), at an implied average interest rate of 11.9% (2003 - 11.7%). Capital lease obligations are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2004.

		(thousands of dollars)
	2005	$ 2,641
	2006	2,641
	2007	2,641
	2008	2,641
	2009	2,044
	Beyond 2009	9,557
Total minimum lease payments		22,165
Less: imputed interest 11.9%		9,055
Present value of minimum lease payments		**$ 13,110**

13. LONG-TERM DEBT

		2004		2003
		(thousands of dollars)		
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of $9,474, maturing September 2004, bearing interest at 5.77%.	$	1,364	$	-

Annual principal repayments are due as follows:

		(thousands of dollars)
2005	$	37
2006		39
2007		41
2008		44
2009		46
Beyond 2009		1,157
	$	**1,364**

Interest paid during the year was $32,562 (nil - 2003).

14. POST EMPLOYMENT BENEFITS

		2004		2003
		(thousands of dollars)		
Employee Future Benefits				
Resignation	$	13,604	$	12,261
Removal		5,317		5,417
Retirement		3,568		2,252
		22,489		**19,930**
Pension Liabilities				
Legislative Assembly Supplementary Retiring Allowance Plan		18,417		17,714
Judges' Supplemental Pension Plan		2,120		1,903
		20,537		**19,617**
Total	**$**	**43,026**	**$**	**39,547**

The expected payments due for employee future benefits in the current year are $2,428,000 (2003 - $2,085,000).

14. POST EMPLOYMENT BENEFITS (continued)

The Government maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. Both plans are contributory defined benefit pension plans. These two pension plans are fully funded, consequently the Government has no net liabilities as at March 31, 2004 (2003 - nil). The funds related to these plans are administered by independent trust companies. As well there are three supplementary plans known as the Legislative Assembly Supplementary Retiring Allowance Plans I and II and the Judges' Supplemental Pension Plan. These three plans are non-contributory defined benefit pension plans. The Government is liable for all benefits. Benefits provided under all four plans are based on service and/or earnings.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 2000 and April 1, 2001 respectively, using the projected benefit method prorated on service. Actuarial valuations have not been completed for the Legislative Assembly Supplementary Retiring Allowance Plan II. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. The actuarial valuations were extrapolated to March 31, 2004, if they were not valued at the balance sheet date.

Pension Expense

Pension expense for the Legislative Assembly Retiring Allowances Fund, the Territorial Court Judges' Registered Pension Plan, the Legislative Assembly Supplementary Retiring Allowance Plan and Judges' Supplemental Pension Plan for the year totaled $1,555,000 (2003 - $2,964,000). The Government's contributions to the Public Service Superannuation Plan were $19,699,000 (2003 - $19,855,000). The employees' contributions to the Public Service Superannuation Plan were $9,205,000 (2003 - $9,278,000).

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to the portion of a tangible capital asset that was gifted from or cost shared with Canada. The most significant of these assets are roads and airports. The capital contributions are deferred and amortized to revenue over the same life as the related asset.

	2004	2003
	(thousands of dollars)	
Deferred capital contributions at beginning of year	$ 215,083	$ 214,550
Add: Assets gifted or cost shared during the year	11,217	13,057
Less: Amortization of capital contributions	(13,090)	(12,524)
Deferred capital contributions at end of year	**$ 213,210**	**$ 215,083**

16. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The net revenues or expenses of the Petroleum Products Stabilization Fund are charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed $5,000,000.

	2004	2003
	(thousands of dollars)	
Surplus (Deficit) at beginning of the year	$ 455	$ (4,191)
Supplemental stabilization funding	-	4,191
	455	-
Less: Petroleum Products Stabilization Fund - Annual operating surplus	2	455
Surplus at end of the year	**$ 457**	**$ 455**

17. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2004	2003
	(thousands of dollars)	
Correctional institutions and Other	$ 245	$ 233
Public Trustee	2,896	2,695
Natural resources - Capital	188	188
Supreme and Territorial courts	841	420
Workers' Compensation Board (Northwest Territories and Nunavut)	258,215	263,585
	$ 262,385	**$ 267,121**

The Workers' Compensation Board's (Northwest Territories and Nunavut) fiscal year end is December 31. Its most recent financial statements and those of the Public Trustee are reproduced in Section III of the Public Accounts of the Government.

18. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenses to be incurred subsequent to March 31, 2004:

	Expiry Date	2005	2006-2026	Total
			(thousands of dollars)	
Operational commitments	2013	$ 23,337	$ 19,922	$ 43,259
Commercial and residential leases	2019	10,287	38,506	48,793
RCMP Policing Agreement	2012	22,409	179,272	201,681
Capital commitments				
- Projects in progress at March 31, 2004	2006	16,866	2,380	19,246
Equipment leases	2008	988	1,085	2,073
Commissions Commitment	2006	1,291	1,499	2,790
Western Harvesters' Assistance Program	2006	134	134	268
		$ 75,312	**$ 242,798**	**$ 318,110**

Chargeback of Services

The Government has 7 (2003 - 6) cost recovery service agreements with the Government of Nunavut for the provision of various corporate and program delivery services. The expenses on and costs recovered from these projects on behalf of Nunavut are estimated at $9,920,000 (2003 - $10,102,000) for the fiscal year 2004-2005.

19. CONTINGENCIES

(a) Contingent liabilities

The Government is contingently liable for the following guarantees:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation, maturing from 2009 to 2032	$ 116,182
Loans payable by the Northwest Territories Housing Corporation	26,659
Loans payable by the Northwest Territories Power Corporation	3,000
Guaranteed operating lines of credit	17,140
Northwest Territories Opportunities Fund	2,000
Guaranteed residential housing loans	11,200
Uninsured loss	407
	$ 176,588

19. CONTINGENCIES (continued)

(b) Environmental restoration costs

As circumstances and funding have permitted, the Government has been identifying sites of potential liability and remediating the sites as necessary. To date, the Government has remediated, or determined that no liability exists, at 44 sites. An additional 53 sites have plans in place for remediation while 229 require initial or additional studies to determine the existence and/or extent of the environmental liability.

Of the 229 total sites identified as requiring more investigation, 126 are active fuel caches managed by the Department of Resources, Wildlife and Economic Development that are located a distance from communities. Many of these caches, because of their remoteness and the small number of drums involved (with the potential for only limited local contamination), have not yet been formally assessed. As these sites are re-supplied, each is inspected for liabilities. In addition, the Department currently has 48 inactive fuel caches where there are no drums stored.

In the case of the Petroleum Products Stabilization Fund (PPRF) comprehensive site assessments at each of its bulk fuel storage pipeline distribution systems have been completed (included in sites with plans in place above). The assessments confirmed that hydrocarbon contamination is present in varying levels at all sites. There have been nine Phase III Assessments and one Risk Assessment completed to date. Costs cannot be obtained until remediation has commenced and the scope of work is established. Remediation plans have been prepared to reduce these liabilities over the next five to ten years.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2004, cost estimates of sufficient accuracy are not yet available to predict future costs, if any, of restoration, consequently, no liabilities have been accrued.

(c) Guarantees

The Government has guaranteed operating lines of credit for Sirius Diamonds NWT Ltd. to a maximum of $8,000,000; Arslanian Cutting Works (NWT) Ltd. to a maximum of $9,200,000 and Deh Cho Bridge Corporation Ltd. to a maximum of $2,000,000 subject to terms of the guarantee agreements which may require specific approval for future advances. At March 31, 2004, balances on the operating lines of credit are $7,960,000 and $9,180,000 and $1,499,000 respectively. Subsequent to March 31, 2004 the banks have called the guarantees for Sirius Diamonds NWT Ltd. and Arslanian Cutting Works (NWT). Sirius Diamonds NWT Ltd. has filed a Notice of Intention to File a Proposal under the *Bankruptcy and Insolvency Act* which provided them with a period of time to file a proposal to satisfy the guaranteed loan amount or restructure the company through new investment. At the date these financial statements were prepared this has not yet occurred. While the Government has booked a loss provision of $3,000,000 for this guarantee it is not known what the final outcome will be. Arslanian Cutting Works (NWT) has subsequently restructured and the guarantee has been reduced to $3,200,000.

The Government has guaranteed the funds advanced to the Northwest Territories Opportunities Fund by Canada. Funds advanced to March 31,2004 are $2,000,000 (2003 - nil).

The Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the percentage the Northwest Territories' population is of the total Canadian population.

19. CONTINGENCIES (continued)

(d) Litigation

More individuals have come forward alleging abuse by a former school teacher in Nunavut, formerly party of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories,the Government of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending this action and any damages that may eventually be awarded will be shared by the two Governments 56.66% and 44.34% respectively. An estimate of the Government of the Northwest Territories share of the loss arising from these suits has been accrued, however the final outcome may vary significantly from this estimate.

A claim related to the construction of the hydro system on the Taltson River has been filed against the Government, the Northwest Territories Power Corporation and the Government of Canada. It is anticipated that no significant loss will result from this claim.

(e) Grant, Transfer Payments and Taxes

The Grant from Canada, other transfer payments and own source revenues are inter-related. As detailed in note 2(j) and note 2(l), year-to-year fluctuations in corporate and personal income tax revenue, can have a significant impact on the Grant and transfer payments from Canada.

The Corporate and Personal Income Tax revenue recognized in any one year is based on an estimate as described in note 2(l). Income tax determined by Canada combines actual assessments with an estimate that assumes that previous years' income tax levels will be sustained. If tax revenue is not sustained, then future tax revenue will decrease and the Grant will increase, albeit at a somewhat smaller amount.

Differences between current estimates and future actual amounts, if any, can be significant. Any such differences will be recognized when the actual tax assessments and census results are finalized over the next one to five years. During the current year the information upon which Corporate and Personal Income Tax estimates are based was refined to reflect better estimates of the expected actual result. The effect of this change on the Income tax revenue reported for 2004 is an increase of $1,100,000. The effect of this change on future years could be significant.

20. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to the following related parties.

	2004	2003
	(thousands of dollars)	
Hospitals and Regional Health Boards	$ 171,808	$ 153,702
Divisional Education Councils and District Education Authorities	108,450	102,421
Northwest Territories Housing Corporation	53,311	49,486
Aurora College	23,476	22,772
Northwest Territories Development Corporation	3,345	3,450
Northwest Territories Business Credit Corporation	807	756
	$ 361,197	**$ 332,587**

20. RELATED PARTIES (continued)

The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of $87,935,000 (2003 - $82,698,000) were incurred and recovered from related parties.

The Government of the Northwest Territories receives dividend revenue in return for its investment in the Northwest Territories Power Corporation. Dividend revenue for the current year is $3,500,000 (2003 - $4,000,000).

21. FINANCIAL INSTRUMENTS

The fair value of short-term financial instruments, including cash/bank overdraft, short-term investments, due (to) from Canada, accounts receivable, and accounts payable and accrued liabilities approximate the carrying amounts because of the short term to maturity.

The fair value of the Government's long-term financial instruments, including designated cash and investments, loans receivable, capital lease obligations, and long-term debt are detailed in the related separate notes. Where fair value amounts are not detailed, the carrying amounts approximate the fair value.

22. OVEREXPENDITURE

The Department Health and Social Services exceeded the amounts appropriated to them for operations and maintenance activities by $ 1,248,000. This contravenes the *Financial Administration Act, (FAA)* section 32, which states..."No person shall incur an expense that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded".

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)

March 31, (thousands of dollars)	**2004**		**2003**
	Main Estimates (note 1c)	**Actual**	**Actual**
Revenue from Canada			
Grant *	$ 809,191	$ 853,568	$ 346,409
Transfer payments*	57,251	60,869	61,578
	866,442	914,437	407,987
Taxation			
Corporate Income Tax*	(181,587)	(224,537)	274,593
Personal Income Tax*	51,001	51,569	50,629
Fuel	17,580	17,271	15,612
Tobacco	15,048	15,242	12,866
Payroll	12,369	13,766	12,718
Property tax and school levies	7,047	10,092	6,824
Insurance	2,150	2,880	2,348
	(76,392)	(113,717)	375,590
Recoveries			
Program	7,717	8,156	7,801
Service	1,755	1,333	1,800
Lease and accommodations	1,256	1,513	1,440
Commodity sales	56	91	53
Salary recoveries - boards and agencies	75	74	74
Asset sales - furniture	65	104	144
Insurance proceeds	60	747	4
Transportation	48	53	55
Amortization of capital contributions (note 14)	12,844	13,090	12,524
	23,876	25,161	23,895
General			
Revolving Funds net revenue	20,992	20,028	19,199
Regulatory revenues	11,401	11,653	11,561
Other general revenues	1,656	1,708	1,505
Investment income	2,770	6,425	3,683
Gain on disposal of tangible capital assets	100	271	367
	36,919	40,085	36,315
Grants in Kind	288	1,784	370
Total Revenues	**$ 851,133**	**$ 867,750**	**$ 844,157**

* The Grant from Canada, Transfer payments and Corporate and Personal Income Tax Revenue are inter-related. A decrease in income tax revenue received in the year will result in the Grant from Canada being increased, as occurred in the year ended March 31, 2004. The current year tax revenue is a negative amount as a result of an overpayment of previous year's Corporate Income Taxes to the Government of the Northwest Territories by Canada. This overpayment is repayable to Canada.

Government of the Northwest Territories Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

March 31,
(thousands of dollars)

							2004	2003
	Main Estimates (note 1c)	Compensation and Benefits	Grants and Contributions	Valuation Allowances	Other	Amortization	Total Expenses	Total Expenses
Legislative Assembly	$ 14,432	$ 6,144	$ -	$ 6	$ 7,520	$ 711	$ 14,381	$ 15,784
Executive	50,103	24,367	11,982	-	14,031	1,281	51,661	49,550
Finance	10,521	3,592	-	163	3,220	-	6,975	7,491
Municipal and Community Affairs	77,994	11,410	59,100	84	5,291	1,611	77,496	71,067
Public Works and Services	44,218	16,543	1,096	-	24,076	2,583	44,298	42,178
Health and Social Services	226,182	14,329	176,559	-	42,561	4,794	238,243	212,670
Justice	75,256	39,528	1,637	8	35,750	1,113	78,036	74,249
NWT Housing Corporation	52,971	-	53,311	-	-	-	53,311	49,486
Education, Culture and Employment	210,474	16,237	153,982	1,860	33,930	7,799	213,808	204,098
Transportation	76,251	24,313	518	-	25,748	22,914	73,493	73,736
Resources, Wildlife and Economic Development	85,509	32,721	15,472	22	35,439	989	84,643	79,816
Total 2004	**$ 923,911**	**$ 189,184**	**$ 473,657**	**$ 2,143**	**$ 227,566**	**$ 43,795**	**$ 936,345**	
Total 2003	**$ 852,988**	$ 181,815	$ 433,837	$ 2,467	$ 221,577	$ 40,429		**$ 880,125**

Schedule C

Government of the Northwest Territories

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

As at March 31,
(thousands of dollars)

	Land	Buildings	Other*	Leasehold Improvements	Equipment	Computers	2004	2003
Cost of tangible capital assets, opening *	$ 1,685	$ 608,196	$ 612,701	$ 17,670	$ 46,091	$ 20,025	$ 1,306,368	$ 1,195,556
Acquisitions	-	56,796	14,710	2,142	3,063	5,533	82,244	113,611
Disposals	(113)	(3,388)	(1,776)	-	-	-	(5,277)	(2,799)
Cost of tangible capital assets, closing	1,572	661,604	625,635	19,812	49,154	25,558	1,383,335	1,306,368
Accumulated amortization, opening	-	(217,140)	(186,047)	(10,726)	(23,808)	(11,473)	(449,194)	(408,709)
Amortization expense	-	(20,689)	(16,408)	(1,237)	(2,556)	(2,905)	(43,795)	(40,429)
Write-downs	-	-	-	-	-	(8)	(8)	(1,169)
Disposals	-	1,328	965	-	-	-	2,293	1,113
Accumulated amortization, closing	-	(236,501)	(201,490)	(11,963)	(26,364)	(14,386)	(490,704)	(449,194)
Net book value	**$ 1,572**	**$ 425,103**	**$ 424,145**	**$ 7,849**	**$ 22,790**	**$ 11,172**	892,631	857,174
Work in progress							**91,408**	**88,906**
							$ 984,039	**$ 946,080**

* includes roads, bridges, airstrips, aprons and water/sewer works

Change in tangible capital asset net book value	**2004**	**2003**
Acquisitions	$ 84,746	$ 107,946
Disposals/write-downs	(2,992)	(2,855)
Amortization	(43,795)	(40,429)
Increase	**$ 37,959**	**$ 64,662**

*Opening cost of Tangible Capital Assets reallocated with no effect to total cost.

Government of the Northwest Territories

Schedule 1

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
Recoveries					
Merchandise	$ 8	$ -	$ 8	$ 4	$ (4)
Concessions	4	-	4	1	(3)
Publications	3	-	3	2	(1)
Sale of Surplus Assets	-	-	-	4	4
	15	-	15	11	(4)
General revenue					
Fees	1	-	1	-	(1)
Gain (loss) on investments	-	-	-	2,640	2,640
	1	-	1	2,640	2,639
	16	**-**	**16**	**2,651**	**2,635**
Executive					
Financial Management Board Secretariat					
Recoveries					
NTPC dividend	4,000	-	4,000	3,500	(500)
Staff Housing	10	-	10	8	(2)
	4,010	-	4,010	3,508	(502)
General revenue					
Interest	16	-	16	139	123
Fees	4	-	4	11	7
Gain on sale of assets	-	-	-	267	267
	20	-	20	417	397
	4,030	**-**	**4,030**	**3,925**	**(105)**
Finance					
Operating Grant - Canada	809,191	27,047	836,238	853,568	17,330
Transfer Payments					
Canadian Health and Social Transfer	26,644	(5,632)	21,012	21,012	-
Recoveries					
Investment pool costs	187	-	187	183	(4)
Insured and third party	60	-	60	747	687
Publications	-	-	-	2	2
	247	-	247	932	685

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	**Main Estimates**	**Increases (Decreases)**	**Revised Main Estimates**	**Actual Revenues**	**Over(Under) Estimates**
Finance (continued)					
Taxation					
Corporate	(181,587)	(50,191)	(231,778)	(224,537)	7,241
Personal	51,001	6,985	57,986	51,569	(6,417)
Fuel	17,580	1	17,581	17,271	(310)
Tobacco	15,048	443	15,491	15,242	(249)
Payroll	12,369	1,184	13,553	13,766	213
Property tax and school levies	7,047	3,604	10,651	10,092	(559)
Insurance	2,150	-	2,150	2,880	730
	(76,392)	(37,974)	(114,366)	(113,717)	649
General revenue					
Liquor Commission	20,897	(286)	20,611	19,990	(621)
Municipal interest	313	131	444	298	(146)
Investment interest	310	1,490	1,800	1,710	(90)
Fees	175	(5)	170	173	3
CHST - Trust Interest	-	113	113	80	(33)
	21,695	1,443	23,138	22,251	(887)
	781,385	**(15,116)**	**766,269**	**784,046**	**17,777**
Municipal and Community Affairs					
Grants					
Grants in Kind	-	1,388	1,388	1,388	-
Recoveries					
Land leases	975	-	975	1,243	268
Third party	-	-	-	189	189
Program recipient	-	-	-	1	1
	975	-	975	1,433	458
General revenue					
Fees	200	-	200	124	(76)
Licenses	115	-	115	115	-
Interest	-	-	-	47	47
Lease revenue	-	-	-	10	10
Permits	-	-	-	1	1
Gain on sale of assets	-	1,584	1,584	4	(1,580)
	315	1,584	1,899	301	(1,598)
	1,290	**2,972**	**4,262**	**3,122**	**(1,140)**
Public Works and Services					
Transfer payments					
Federal programs	37	-	37	36	(1)
Grants					
Grants in Kind	288	108	396	396	-

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Public Works and Services (continued)					
Recoveries					
Water and sewer maintenance	1,209	-	1,209	858	(351)
Commercial leases	242	-	242	239	(3)
Chargebacks	162	(85)	77	77	-
Sale of Surplus Assets	65	-	65	100	35
Utility services	50	-	50	50	-
Parking stall rentals	25	-	25	14	(11)
Publications	-	-	-	1	1
	1,753	(85)	1,668	1,339	(329)
General revenue					
Permits	485	-	485	497	12
Fees	300	-	300	264	(36)
Inspections	80	-	80	61	(19)
Registrations	-	-	-	49	49
Gain on sale of assets	100	-	100	-	(100)
	965	-	965	871	(94)
	3,043	**23**	**3,066**	**2,642**	**(424)**
Health and Social Services					
Transfer payments					
Federal cost shared	22,838	7,490	30,328	30,329	1
Canadian Health and Social Transfer	823	-	823	823	-
Federal programs	-	-	-	403	403
	23,661	7,490	31,151	31,555	404
Recoveries					
Program recipient	2,723	-	2,723	3,057	334
Third party	-	-	-	301	301
Capital Contributions	1,300	66	1,366	1,283	(83)
	4,023	66	4,089	4,641	552
General revenue					
Licenses	100	-	100	106	6
Fees	50	-	50	75	25
	150	-	150	181	31
	27,834	**7,556**	**35,390**	**36,377**	**987**
Justice					
Transfer payments					
Federal cost shared	5,839	833	6,672	6,878	206
Federal programs	70	-	70	54	(16)
	5,909	833	6,742	6,932	190

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Justice (continued)					
Recoveries					
Boards and agencies	75	-	75	74	(1)
Air charter	48	-	48	53	5
Program recipient	39	-	39	26	(13)
Publications	16	-	16	9	(7)
Room and board	4	-	4	4	-
	182	-	182	166	(16)
General revenue					
Fees	3,605	-	3,605	3,474	(131)
Fines	107	-	107	427	320
Interest	-	-	-	4	4
	3,712	-	3,712	3,905	193
	9,803	**833**	**10,636**	**11,003**	**367**
Education, Culture and Employment					
Transfer payments					
Federal programs	1,000	-	1,000	1,334	334
Recoveries					
Program recipient	20	-	20	50	30
Concessions	15	-	15	13	(2)
Third party	-	-	-	26	26
Publications	-	-	-	57	57
Merchandise	-	-	-	2	2
Commercial leases	-	-	-	6	6
Capital contributions	133	-	133	133	-
	168	-	168	287	119
General revenue					
Interest	525	-	525	452	(73)
Exam and certification	2	-	2	11	9
Fees	1	-	1	-	(1)
	528	-	528	463	(65)
	1,696	**-**	**1,696**	**2,084**	**388**
Transportation					
Recoveries					
Third party	620	-	620	683	63
Road / highway maintenance	147	-	147	165	18
Capital contributions	11,411	174	11,585	11,529	(56)
	12,178	174	12,352	12,377	25

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Transportation (continued)					
General revenue					
Registrations	2,369	-	2,369	2,690	321
Fees	2,241	-	2,241	2,105	(136)
Lease	1,414	-	1,414	1,418	4
Licenses	460	-	460	402	(58)
Permits	255	-	255	154	(101)
Concession	242	-	242	280	38
Exam and certification	32	-	32	26	(6)
Interest	6	-	6	4	(2)
Inspections	1	-	1	1	-
	7,020	-	7,020	7,080	60
	19,198	**174**	**19,372**	**19,457**	**85**
Resources, Wildlife and Economic Development					
Recoveries					
User	315	-	315	322	7
Publications	10	-	10	-	(10)
Capital contributions	-	145	145	145	-
	325	145	470	467	(3)
General Revenue					
Investment interest	1,600	-	1,600	1,050	(550)
Licenses	783	-	783	880	97
Stores	95	-	95	38	(57)
Permits	25	-	25	-	(25)
Fees	10	-	10	8	(2)
	2,513	-	2,513	1,976	(537)
	2,838	**145**	**2,983**	**2,443**	**(540)**
Total operations and maintenance	**$ 851,133**	**$ (3,413)**	**$ 847,720**	**$ 867,750**	**$ 20,030**

Government of the Northwest Territories

Schedule 2

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2004

(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Legislative Assembly						
Office of the Clerk	$ 7,592	$ 283	$ -	$ 7,875	$ 7,875	$ -
Expenditures on Behalf of Members	5,320	-	-	5,320	4,950	370
Office of the Chief Electoral Officer	876	163	-	1,039	1,053	(14)
Commissioner of Official Languages	501	(100)	-	401	375	26
Office of the Speaker	143	(20)	-	123	128	(5)
	14,432	**326**	**-**	**14,758**	**14,381**	**377**
Executive						
Executives Offices						
Cabinet Secretariat	10,176	(57)	(50)	10,069	9,787	282
Ministers' Offices	3,694	(88)	-	3,606	3,775	(169)
Public Utilities Board	361	(21)	-	340	320	20
Beaufort Delta Regional Office	300	-	50	350	305	45
Commissioner's Office	202	4	-	206	194	12
	14,733	(162)	-	14,571	14,381	190
Financial Management Board Secretariat						
Government Accounting	10,383	527	-	10,910	10,360	550
Labour Relations and Compensation Services	7,855	64	-	7,919	10,610	(2,691)
Directorate	5,900	1,059	-	6,959	6,525	434
Budgeting and Evaluation	1,478	41	-	1,519	1,377	142
Audit Bureau	1,243	(11)	-	1,232	991	241
	26,859	1,680	-	28,539	29,863	(1,324)
Aboriginal Affairs	8,511	(191)	-	8,320	7,417	903
	50,103	**1,327**	**-**	**51,430**	**51,661**	**(231)**
Finance						
Treasury	7,546	(1,520)	(198)	5,828	4,018	1,810
Directorate	1,282	(32)	248	1,498	1,449	49
Bureau of Statistics	885	(13)	-	872	866	6
Fiscal Policy	808	(16)	(50)	742	642	100
	10,521	**(1,581)**	**-**	**8,940**	**6,975**	**1,965**

Government of the Northwest Territories

Schedule 2
(continued)

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Municipal and Community Affairs						
Regional Operations	62,080	3,196	2,295	67,571	63,650	3,921
Community Financial Services	4,957	(55)	(3,993)	909	656	253
Directorate	3,996	(115)	1,124	5,005	4,571	434
School of Community Government	2,266	(120)	(135)	2,011	1,742	269
Lands Administration	2,178	1,648	205	4,031	4,008	23
Sport, Recreation and Youth	1,043	(10)	381	1,414	1,384	30
Community Governance	771	(20)	(14)	737	593	144
Emergency Services	703	(25)	137	815	892	(77)
	77,994	**4,499**	**-**	**82,493**	**77,496**	**4,997**
Public Works and Services						
Asset Management	35,105	(437)	(120)	34,548	34,669	(121)
Directorate	7,525	(53)	47	7,519	7,334	185
Systems and Communications	839	(43)	73	869	831	38
Petroleum Products	749	733	-	1,482	1,464	18
	44,218	**200**	**-**	**44,418**	**44,298**	**120**
Health and Social Services						
Health Services Programs	118,535	7,841	(389)	125,987	127,193	(1,206)
Community Health Programs	58,665	(220)	1,175	59,620	57,935	1,685
Program Delivery Support	28,585	2,734	(577)	30,742	30,565	177
Supplementary Health Programs	14,200	(20)	142	14,322	17,227	(2,905)
Ministry and Corporate Services	6,197	205	(351)	6,051	5,323	728
	226,182	**10,540**	**-**	**236,722**	**238,243**	**(1,521)**
Justice						
Community Justice and Corrections	32,265	895	(253)	32,907	33,080	(173)
Law Enforcement	20,608	1,150	-	21,758	21,756	2
Registries and Court Services	10,293	803	222	11,318	10,640	678
Corporate Services	8,251	(48)	31	8,234	8,613	(379)
Legal Services Board	3,839	304	-	4,143	3,947	196
	75,256	**3,104**	**-**	**78,360**	**78,036**	**324**

Government of the Northwest Territories

Schedule 2
(continued)

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
NWT Housing Corporation	**52,971**	**1,214**	-	**54,185**	**53,311**	**874**
Education, Culture and Employment*						
Education and Culture	134,805	1,995	55	136,855	141,574	(4,719)
Advanced Education and Careers	70,654	(738)	(43)	69,873	67,108	2,765
Directorate and Administration	5,015	(170)	(12)	4,833	5,126	(293)
	210,474	**1,087**	-	**211,561**	**213,808**	**(2,247)**
Transportation						
Airports	21,442	(370)	-	21,072	22,202	(1,130)
Highways	36,854	(1,142)	(49)	35,663	34,595	1,068
Corporate Services	8,223	(179)	(58)	7,986	8,045	(59)
Ferries	5,265	(270)	49	5,044	4,982	62
Motor Vehicles	3,295	(84)	58	3,269	3,021	248
Community Local Access Roads	837	(100)	-	737	520	217
Community Marine	335	(50)	-	285	128	157
	76,251	**(2,195)**	-	**74,056**	**73,493**	**563**
Resources, Wildlife and Economic Development						
Resource Management and Economic Development	36,270	(52)	898	37,116	36,886	230
Forest Management	30,075	1,743	(359)	31,459	30,034	1,425
Corporate Management	17,227	(536)	(534)	16,157	15,768	389
Environmental Protection	1,937	109	(5)	2,041	1,955	86
	85,509	**1,264**	-	**86,773**	**84,643**	**2,130**
Total operations and maintenance	**$ 923,911**	**$ 19,785**	**$ -**	**$ 943,696**	**$ 936,345**	**$ 7,351**

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* Of the Education, Culture and Employment over-expenditure above $9,500,000 of total shown will be approved as a Supplementary Estimate for 2005 and will allow for funds to be paid out in accordance with the *Financial Administration Act (FAA)*.

Government of the Northwest Territories

Schedule 3

Non-Consolidated Schedule of Recoveries of Prior Years' Expenditures

for the year ended March 31, 2004
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	$ 5	$ -	$ 21	$ 26
Executive	132	6	75	213
Finance	15	-	13	28
Municipal and Community Affairs	79	-	1	80
Public Works and Services	17	105	37	159
Health and Social Services	127	-	515	642
Justice	138	39	122	299
Education, Culture and Employment	430	59	815	1,304
Transportation	26	57	19	102
Resources, Wildlife and Economic Development	330	-	143	473
	$ 1,299	**$ 266**	**$ 1,761**	**$ 3,326**

Government of the Northwest Territories

Schedule 4

Non-Consolidated Schedule of Summary of Capital Acquisitions

for the year ended March 31, 2004
(thousands of dollars)

DEPARTMENT	Main Estimates	Supplementary Estimates	Total Appropriation	Actual Expenditure
Legislative Assembly	$ -	$ -	$ -	$ -
Executive	600	1,182	1,782	1,573
Finance	-	-	-	-
Municipal and Community Affairs	8,053	6,018	14,071	6,425
Public Works and Services	1,443	1,693	3,136	1,932
Health and Social Services	10,504	7,366	17,870	9,387
Justice	14,092	5,969	20,061	18,866
Education, Culture and Employment	8,928	10,198	19,126	11,117
Transportation	27,276	8,303	35,579	32,065
Resources, Wildlife and Economic Development	2,935	1,713	4,648	2,261
	$ 73,831	**$ 42,442**	**$ 116,273**	**$ 83,626**

Government of the Northwest Territories

Schedule 5

Non-Consolidated Schedule of Grants

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Native Women's Association (grant in kind)	$ 108	$ -	$ -	$ 108	$ 108	$ -
Women's Initiatives	50	-	-	50	48	2
	158	**-**	**-**	**158**	**156**	**2**
Financial Management Board Secretariat						
Staff Housing (grant in kind)	-	2,151	-	2,151	1,254	897
Deton'Cho Diamonds (grant in kind)	-	134	-	134	134	-
	-	**2,285**	**-**	**2,285**	**1,388**	**897**
Aboriginal Affairs						
Metis Nation	225	-	-	225	198	27
Aboriginal Organizations	75	-	-	75	163	(88)
	300	**-**	**-**	**300**	**361**	**(61)**
	458	**2,285**	**-**	**2,743**	**1,905**	**838**
Municipal and Community Affairs						
Community Government Funding	30,566	242	-	30,808	30,841	(33)
Grant in Lieu of Property Taxes	4,543	-	(505)	4,038	3,993	45
Additional Funding	1,679	1,860	(106)	3,433	3,431	2
Senior Citizens and Disabled Property Tax Relief	254	-	-	254	286	(32)
Community Government Funding - Extraordinary Funding	225	-	310	535	776	(241)
Sport North lease (grant in kind)	28	-	-	28	28	-
Yellowknife Assoc of Concerned Citizens for Seniors (grant in kind)	-	1,162	-	1,162	1,162	-
Rae Airstrip Areodrome (grant in kind)	-	226	-	226	226	-
	37,295	**3,490**	**(301)**	**40,484**	**40,743**	**(259)**
Public Works and Services						
Management services for Rockhill Apartments (grant in kind)	260	-	-	260	260	-
Bulk fuel storage facility (grant in kind)	-	524	-	524	524	-
	260	**524**	**-**	**784**	**784**	**-**
Health and Social Services						
Medical Profession	**50**	**-**	**-**	**50**	**-**	**50**

Government of the Northwest Territories

Schedule 5
(continued)

Non-Consolidated Schedule of Grants

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Justice						
Aboriginal Court Challenges	40	-	-	40	25	15
Law Bursaries	30	-	-	30	35	(5)
National Justice issues	6	-	3	9	9	-
Canadian Association of Provincial Court Judges	3	-	(3)	-	-	-
	79	**-**	**-**	**79**	**69**	**10**
Education, Culture and Employment						
Student Grants	8,489	-	800	9,289	8,561	728
Community Broadcasting	52	-	-	52	54	(2)
	8,541	**-**	**800**	**9,341**	**8,615**	**726**
Resources, Wildlife and Economic Development						
Fur Price Program	345	-	29	374	370	4
Small Business Grants	287	-	5	292	245	47
Fire Damage Compensation	100	-	(80)	20	19	1
Disaster Compensation Program	15	-	(4)	11	7	4
Humane Trap Development	5	-	-	5	-	5
	752	**-**	**(50)**	**702**	**641**	**61**
Total Operations and Maintenance	**$ 47,435**	**$ 6,299**	**$ 449**	**$ 54,183**	**$ 52,757**	**$ 1,426**

Government of the Northwest Territories

Schedule 6

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Status of Women Council	$ 299	$ -	$ 9	$ 308	$ 308	$ -
Native Women's Association	186	-	6	192	191	1
National Aboriginal Achievement Awards	-	-	30	30	30	-
	485	**-**	**45**	**530**	**529**	**1**
Financial Management Board Secretariat						
Power Subsidy	7,180	514	-	7,694	7,200	494
Superannuation Costs - NTPC	939	-	-	939	637	302
Superannuation Costs - WCB	299	-	-	299	299	-
	8,418	**514**	**-**	**8,932**	**8,136**	**796**
Aboriginal Affairs						
Intergovernmental Forum	880	-	-	880	951	(71)
Devolution	500	-	-	500	461	39
Self Government	20	-	-	20	-	20
	1,400	**-**	**-**	**1,400**	**1,412**	**(12)**
	10,303	**514**	**45**	**10,862**	**10,077**	**785**
Municipal and Community Affairs						
Water Sewer Services Subsidy Program	6,475	-	-	6,475	6,458	17
Infrastructure - Various Territorial	6,235	548	(220)	6,563	4,502	2,061
Cost Shared Water / Sewer Tax Based	2,500	776	-	3,276	3,221	55
Community Development Fund	1,600	-	(50)	1,550	1,514	36
Recreation Initiatives	1,275	-	-	1,275	1,289	(14)
Youth Initiatives	900	-	(50)	850	476	374
Core Funding	340	-	250	590	395	195
Granular Materials	250	-	-	250	159	91
Regional leadership	187	-	(50)	137	56	81
Transfer Payments (other Government departments)	105	-	-	105	105	-
Fire Training	90	-	60	150	126	24
Volunteer Development	20	-	-	20	22	(2)
Land Development	-	300	(150)	150	-	150
Water Licensing	-	-	106	106	34	72
	19,977	**1,624**	**(104)**	**21,497**	**18,357**	**3,140**
Public Works and Services						
Community transfer agreement	289	-	23	312	312	-
	289	**-**	**23**	**312**	**312**	**-**

Government of the Northwest Territories

Schedule 6
(continued)

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Health and Social Services						
Boards of Management	164,944	9,603	(706)	173,841	171,808	2,033
Recruitment and Retention	2,007	-	165	2,172	2,312	(140)
Health Awareness, Activities and Education	1,067	-	281	1,348	1,187	161
Health Promotion	414	-	115	529	586	(57)
GNWT's response to the Draft Social Agenda	-	-	640	640	651	(11)
Policy and Legislation (NWT RNA)	-	-	30	30	15	15
	168,432	**9,603**	**525**	**178,560**	**176,559**	**2,001**
Justice						
Community Justice	1,079	145	-	1,224	1,092	132
Legal Aid Clinics	300	-	(300)	-	-	-
Victims Assistance	250	-	-	250	225	25
Wilderness Camps	165	-	-	165	118	47
Community Constable Program	72	-	(72)	-	-	-
Aurora College	-	-	73	73	73	-
New Beginnings Alternate Program	-	-	58	58	60	(2)
	1,866	**145**	**(241)**	**1,770**	**1,568**	**202**
NWT Housing Corporation	**52,971**	**1,060**	**-**	**54,031**	**53,311**	**720**
Education, Culture and Employment						
Education Authority	106,474	1,531	500	108,505	108,452	53
College Contributions	23,677	-	-	23,677	23,476	201
Mildred Hall School renovation	4,955	258	-	5,213	1,905	3,308
Healthy Children Initiative	2,934	-	(39)	2,895	2,552	343
Literacy Funding	2,057	-	(60)	1,997	1,627	370
Early Childhood Program	1,559	-	(81)	1,478	1,379	99
Community Teacher Education Program	1,074	-	-	1,074	1,052	22
Language Communities	793	-	435	1,228	1,148	80
NWTTA Professional Improvement Fund	726	282	-	1,008	968	40
Community Skills for Work	650	-	-	650	303	347
Oil and Gas Industry	550	-	-	550	507	43
NWT Arts Council	280	-	-	280	261	19
Cultural Organizations	259	-	-	259	235	24
Community Library Services	194	-	-	194	191	3
Community Museums	186	-	-	186	186	-
Student Success Centres	180	-	-	180	165	15
Community Libraries - Infrastructure	142	-	-	142	50	92
Cultural Projects	111	-	-	111	63	48
Dene Language Programming	100	-	-	100	100	-
Community Museums - Infrastructure	100	-	-	100	63	37
Northern Performers	71	-	-	71	61	10
Native Communications	70	-	-	70	70	-
College HEO Prg equipment, Fort Smith	-	255	-	255	255	-
Skills Canada NWT / NU	-	-	80	80	80	-
Trade Certification	-	-	100	100	100	-
GNWT Literacy Strategy - virtual libraries	-	-	118	118	118	-
	147,142	**2,326**	**1,053**	**150,521**	**145,367**	**5,154**

Government of the Northwest Territories

Schedule 6
(continued)

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Transportation						
Community Local Access Roads	627	-	-	627	380	247
Community Marine	150	-	-	150	122	28
Airports	20	-	-	20	16	4
	797	-	-	**797**	**518**	**279**
Resources, Wildlife and Economic Development						
NWT Development Corporation	3,450	(250)	(100)	3,100	3,100	-
Business Development Fund	1,529	(250)	(131)	1,148	1,130	18
Community Futures	1,132	-	875	2,007	2,007	-
Community Transfer Initiatives	1,117	-	19	1,136	1,100	36
Tourism Industry Marketing	921	-	387	1,308	1,294	14
Tourism strategies	900	-	(900)	-	-	-
Mackenzie Valley Development	620	250	265	1,135	936	199
Maximizing Northern Employment	500	-	80	580	555	25
Community Harvester Assistance Program	473	-	37	510	510	-
Commercial Fisheries Assistance	395	-	-	395	395	-
Interim Resource Management Agreement	375	-	-	375	375	-
Energy Conservation	300	-	(135)	165	115	50
Arctic Energy Alliance	280	-	(21)	259	259	-
Local Wildlife Committees	258	-	2	260	260	-
Diavik Socio-Economic Agreement	250	-	(15)	235	200	35
Business Credit Corporation	160	-	-	160	128	32
Western Harvester Support Program	149	101	-	250	249	1
West Kitikmeot Slave Study	129	-	-	129	129	-
Hook Lake Bison Recovery	125	-	75	200	200	-
Prospectors' Assistance Program	90	-	-	90	75	15
Wildlife Management Boards	78	-	9	87	87	-
Mackenzie River Basin Board	40	-	-	40	40	-
Canadian Energy Research Institute	25	-	-	25	25	-
Great Northern Arts Festival	25	-	20	45	45	-
Diamond contributions	20	-	-	20	-	20
Support to Fur Industry	15	-	-	15	15	-
NWT Arctic Tourism - Aurora Marketing Campaign	-	250	-	250	250	-
Corporate Management contributions	-	-	253	253	253	-
Resource Management contributions	-	-	781	781	756	25
Energy Secretariat contributions	-	-	146	146	146	-
Forest Management Agreemnt contributions	-	-	103	103	102	1
Environmental Protection contributions	-	-	101	101	95	6
	13,356	**101**	**1,851**	**15,308**	**14,831**	**477**
Total Operations and Maintenance	**$ 415,133**	**$ 15,373**	**$ 3,152**	**$ 433,658**	**$ 420,900**	**$ 12,758**

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose		Date of FMB Approval	Amount Authorized
Legislative Assembly				
	To provide funding for office furniture, computers and network set-up required to accommodate the Human Rights Commission and Equal Pay Commissioner in the Arthur Laing Building.		12-Nov-03	$ 95
	To provide funding for the initial planning required for the Northern Leaders meeting scheduled in April 2004, as follows :		27-Feb-04	60
	Planning Committee	$ 15		
	Professional fees for conference organizers and facilitators	10		
	Travel	35		
		$ 60		
	To provide funding for the additional expenditures incurred for the 2003 General Election.		27-Feb-04	172
Executive				
Executive Offices				
	To provide funding for additional legal fees associated with the Federation Franco-TeNoise court challenge of the Government of the Northwest Territories' level of compliance with provisions under the Charter of Rights and Freedoms.		27-Feb-04	280
Financial Management Board Secretariat				
	To provide funding for the expenses to be incurred for the negotiations being conducted for a new contract with NWT physicians.		07-Feb-04	233
Municipal and Community Affairs				
	To provide funding for infrastructure contributions for the continuation of projects that were not completed in the 2002/2003 fiscal year. An offsetting amount was lapsed in the 2002/2003 fiscal year.		20-May-03	192
	Recreational Complex - Fort Providence	12		
	Curling Rink - Aklavik	151		
	Community Office - Paulatuk	29		
		192		
Public Works and Services				
	To provide funding for the lease costs associated with the temporary court facility required for a large civil trial.		20-May-03	88

Government of the Northwest Territories

Schedule 7
(Continued)

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose	Date of FMB Approval	Amount Authorized
Health and Social Services			
To partially fund collective agreement increases required for the Hay River Community Health Board.		27-Feb-04	806
To provide funding for the costs associated with the Meningitis C Immunization Campaign, as follows :		27-Feb-04	600
Cost of the vaccine	546		
Supplies	4		
Staff costs to administer vaccine	39		
Additional support for nurses	10		
Advertising	1		
New Funding required	600		
Justice			
To provide funding for expenditures incurred for inquires held by the Judicial Renumeration Commission for the independent review of compensation and benefits for Territorial Court Judges.		27-Feb-04	300
To provide funding for the Judicial Appointments Advisory Committee, established under the Territorial Court Act, for the appointment process of a new Territorial Court Judge.		27-Feb-04	30
To provide funding for retroactive increases to compensation resulting from an arbitration award related to the job evaluation review of Correctional Services Officer positions.		03-Feb-04	1,250
NWT Housing Corporation			
To provide funding for the purchase of a property in Fort Resolution pursuant to the Employee House Purchase Plan.		16-Feb-04	103
To provide funding for the purchase of two properties in Rae-Edzo pursuant to the Employee House Purchase Plan.		20-Aug-03	310

Government of the Northwest Territories

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose	Date of FMB Approval	Amount Authorized
Education, Culture and Employment			
	To provide operations expense funding for repairs to the foundation of Chief T'Selehye School in Fort Good Hope. The net effect on government operations is nil because there is an offsetting reduction to capital investment expenditure appropriations.	20-Aug-03	150
Resources, Wildlife & Economic Development			
	To provide funding for additional fire suppression costs incurred due to the severe forest fire conditions in 2003.	07-Aug-03	1,000
	To provide funding for additional fire suppression costs incurred due to the severe forest fire conditions in 2003.	20-Aug-03	820
Total Operations and Maintenance			$ 6,489

Government of the Northwest Territories

Schedule 7
(Continued)

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2004
(thousands of dollars)

CAPITAL INVESTMENT	Purpose		Date of FMB Approval	Amount Authorized
Executive				
Financial Management Board Secretariat				
	To provide funding to purchase property in Rae-Edzo pursuant to the Employee House Purchase Plan. The staff housing inventory was subsequently transferred to the NWT Housing Corporation along with the responsibility for the program.		10-Jul-03	$ 180
Municipal and Community Affairs				
	To provide funding for the continuation of projects which were not completed in the 2002/2003 fiscal year. An offsetting amount was lapsed in the 2002/2003 fiscal year.		20-May-03	1,721
	Maintenance Garage - Fort Resolution	689		
	Water Intake - Fort Providence	551		
	Waste Treatment Plant / Truckfill Station - Wrigley	61		
	Sewage Treatment - Lutsel K'e	50		
	Sewage / Solid Waste Site - Wrigley	163		
	Sewage / Solid Waste Site - Dettah	92		
	Storage Capacity - Fort Liard	42		
	Intake and Truck Fill Repairs - Lutsel K'e	58		
	Truckfill Station - Fort Good Hope	15		
		1,721		
Public Works and Services				
	To provide funding for renovations required to the first floor of the Arthur Laing Building to accommodate the Human Rights Commission, the Equal Pay Commissioner, as well as other statutory commissioners (Languages Commissioner, Conflict of Interest Commissioner and Information and Privacy Commissioner).		12-Nov-03	344
Justice				
	To authorize capital investment expenditures for tenant improvements to leased space on the 5th floor of the Yellowknife Centre. The improvements are required for the operation of a temporary court facility to conduct a large civil trial.		20-May-03	90
	To authorize capital investment expenditures for remedial foundation work at the Arctic Tern Young Offenders Facility in Inuvik. The project will be completed in 2004-2005, with a total estimated project cost of $270,000, as follows :		20-May-03	250
	2003 - 2004	250		
	2004 - 2005	20		
		270		

Government of the Northwest Territories

Schedule 7
(Continued)

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2004
(thousands of dollars)

CAPITAL	Purpose		Date of FMB Approval	Amount Authorized
Education, Culture and Employment				
	To provide funding for the continuation of projects which were not completed in the 2002/2003 fiscal year. An offsetting amount was lapsed in the 2002/2003 fiscal year.		20-May-03	160
	Sir John Franklin High School renovation - Yellowknife	138		
	Helen Kalvak School addition - Holman	22		
		160		
	To provide operations expense funding from capital investment expenditure appropriations for repairs to the foundation of the Chief T'Selehye School in Fort Good Hope. The net effect on government operations is nil because there is an offsetting increase to operations expenditure appropriations.		20-Aug-03	(150)
Transportation				
	To provide funding for the continuation of projects which were not completed in the 2002/2003 fiscal year. An offsetting amount was lapsed in the 2002/2003 fiscal year.		20-May-03	581
	New Air Terminal Building - Wha Ti	144		
	Rehab / Expand Air Terminal Building - Aklavik	95		
	Safety Fence - Tuktoyaktuk	150		
	Office Space Renovation - YK Centre	23		
	Renovate Air Terminal Building - Yellowknife	169		
		581		
Total Capital Investment Expenditures				$ 3,176
Total Special Warrants				$ 9,665

Government of the Northwest Territories

Schedule 8

Non-Consolidated Schedule of Inter-activity Transfers over $250,000

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Transfer to (from)	Explanation
Municipal and Community Affairs		
Regional Operations	$ 916	To allocate funding approved for community Main Street Paving projects. This funding was approved during the development of the 2003-2004 Main Estimates, but not allocated. Tuktoyaktuk - $441,000 Fort Resolution - $175,000 Fort McPherson - $170,000 Tulita - $120,000 Fort Providence - $10,000
Community Financial Services	(916)	
Regional Operations	2,500	To allocate funding approved for cost-shared water / sewer projects in tax-based communities. This funding was approved during the development of the 2003-2004 Main Estimates, but not allocated. Yellowknife - $924,000 Inuvik - $642,000 Hay River - $620,000 Norman Wells - $141,000 Fort Simpson - $125,000 Fort Smith - $48,000
Community Financial Services	(2,500)	
Land Administration	268	Funding transfers made in October, 2003 for the establishment of the Infrastructure Planning Section within the Lands Administration Activity.
Directorate	(104)	
Emergency Services	(71)	
School of Community Government	(93)	
Health and Social Services		
Directorate	(325)	To transfer funding received in 2003-2004 Supplementary Appropriation # 2, to provide the Dogrib Community Services Board with funding to meet its urgent capital requirements to the end of the 2003-2004 fiscal year.
Program Delivery Support	200	
Supplementary Health Programs	125	
Health Services Program	(1,984)	To allocate the Health Accord funding received in 2003-2004 Supplementary Appropriation # 2.
Program Delivery Support	800	
Community Health Programs	1,184	
Health Services Programs	(264)	Funding transfer made in July, 2003 for the integration of the Deninu and Lutsel K'e Health and Social Services Boards into the Yellowknife Health and Social Services Board.
Program Delivery Support	264	
Community Health Programs	(409)	To transfer funding to partially fund the Collective Agreement increases required for the Hay River Community Health Board. The balance of the funding is being requested in 2003-2004 Supplementary Appropriation # 3.
Health Services Programs	256	
Health Services Programs	153	

Government of the Northwest Territories

Schedule 8
(continued)

Non-Consolidated Schedule of Inter-activity Transfers over $250,000

for the year ended March 31, 2004
(thousands of dollars)

OPERATIONS AND MAINTENANCE	**Transfer to (from)**	**Explanation**
Education, Culture and Employment		
Advanced Education and Careers	405	To transfer surplus funds identified in the department's 2003-2004 Economizing Plan to fund the projected shortfall in the Student Financial Services Program.
Education and Culture	(405)	
Advanced Education and Careers	(440)	Reallocation to cover shortfall in school contribution funding.
Education & Culture	440	
Resources, Wildlife and Economic Development		
Corporate Management	250	To transfer funding received in 2003-2004 Supplementary Appropriation # 2, for the GNWT's contribution to the Aboriginal Pipeline Group's Work Plan for a northern pipeline, to the correct Activity.
Resource Management and Economic Development	(250)	
CAPITAL INVESTMENT		
Health and Social Services		
Directorate	(1,385)	Department received appropriation authority to record the aquisition of the facility in 2003-2004 Supplementary Appropriation # 2, for the acquisition of the Woodland Manor Seniors' facility in Hay River, to the correct Activity.
Community Health Programs	1,385	
Justice		
Services to Government	250	To transfer funding received in 2003-2004 Supplementary Appropriation # 1, for Leasehold Improvements to the 6th floor of the Courthouse, to the correct Activity.
Community Justice and Corrections	(250)	

Government of the Northwest Territories

Schedule 9

Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 2004
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 2003	New Loans	Principal Repayments	Principal Balance March 31, 2004
Municipality of Fort Smith							
43 Personal care facility, amalgamation of debentures #39 and #41	2026	11.27	$ 2,765	$ 2,634	$ -	$ 16	$ 2,618
			2,765	**2,634**	**-**	**16**	**2,618**
Municipality of Fort Simpson							
6 Fire hall addition; refinance debenture #5	2006	9.00	136	48	-	48	-
7 Fire truck and alarm system	2008	9.00	67	31	-	31	-
8 Wildrose Acres sub-division	2007	6.50	150	-	-	-	-
			353	**79**	**-**	**79**	**-**
			$ 3,118	**$ 2,713**	**$ -**	**$ 95**	**$ 2,618**

Government of the Northwest Territories

Schedule 10

Schedule of Other Long-term Receivables

for the year ended March 31, 2004
(thousands of dollars)

	Principal Balance March 31, 2003	New Loans	Principal Repayments	Principal Balance March 31, 2004
Agreements for sale	$ 129	$ -	$ 91	$ 38
Deton'Cho Corporation	2,600	-	260	2,340
	$ 2,729	**$ -**	**$ 351**	**$ 2,378**

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for year ending March 31, 2004

ACCOUNTS RECEIVABLE WRITTEN OFF

Municipal and Community Affairs	
Hleucka, Shane	$ 500
Nicholson, Dave	1,000
	1,500
Health and Social Services	
Fitz Smith Native Band	**12,500**
Justice	
Pitsiulak, Lypa	**15,374**
Education, Culture and Employment	
Antoine, Anthony	5,300
McInnes, Sandra	2,999
	8,299
Transportation	
Aklavik Aboringinal Committee	2,633
Marcon Rentals(974203 NWT LTd.)	4,535
	7,168
Resources, Wildlife and Economic Development	
Canadian Arctic Tours	**5,269**
All Accounts Written Off over $500	**50,110**
All Departments-Other Miscellaneous Accounts Less than $500	**904**
Total Accounts Receivable Written Off	**51,015**

STUDENT LOAN FUND

Belanger, Rene	1,503
Brinston, Audry	7,603
Brinston, Shannon	2,256
Brinston, Sheldon	2,279
Brown, Michael	100
Cuerrier, Sheila	18,994
Curtis, April	340
Davidson, Emily	10,718
Dominque, Mary Anne	12,686
Dumas, Sharon	8,244
Fair, Aaron	4,800
Guay, Dale	15,840
Harvey, Christopher	7,275
Hill, Kimberley	7,105
Holt, Kenneth	14,041
Julian, Shawn	2,805
Kaulbach, Clayton	3,200

Student Loans (continued)	
Marykuca, Katherine	20,000
Masuzumi, Walter	10,100
Mayo, Jane	4,222
McDougall, Thalie	6,539
Melnychuk, Eileen	38,570
Pittman, Christopher	398
Pomfrey, Bryan	11,200
Quenneville, Evan	2,748
Ranseth, John	11,494
Sequin, Dean	3,200
Sharpe, Vince	9,125
Simpson, Gordon	2,342
Starkes, Stephen	3,074
Sumner, Tanis	5,930
Tautenhahn, Gary	24,601
Taylor, Scott	8,035
Wasacase, Tanya	4,200
Young, Deborah	5,200
Total Student Loans Written Off	**290,767**
Student Loan Interest Written Off	**94,185**
Total Accounts and Loans Written Off	**$ 384,952**

FORGIVENESS

Accounts Forgiven, 2002/2003 Forgiveness	**$ 476,616**

Government of the Northwest Territories

Schedule 11
(continued)

Non-Consolidated Schedule of Bad Debt Writeoffs, Forgiveness and Student Loan Remissions

for the year end March 31, 2004

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualifird and been grantd remission of their loans.

Ahmed, Zaid	7,201	Carmichael, Neal	4,268
Alexander, Lisa	2,597	Carol Carlson	8,128
Allard, James	2,200	Carr, John	4,988
Allen, Jesse	7,387	Carthew, Chris	2,379
Allen, Vanessa	10,324	Carthew, Kirsten	2,532
Alty, Rebecca	1,008	Cartwright, Adrienne	4,472
Amyotte, Sylvain	2,624	Casison, Gina	1,534
Aneliunas, Rymante	9,732	Casison, Gina	1,666
Aucoin, Valerie	3,036	Charlebois-Heide, Julie	6,094
Auge, Valerie	4,176	Cheema, Sim	721
Barnes, Rhiana	2,598	Chenard, Mavis	2,762
Baryluk, Steven	3,332	Christison, Jana	5,938
Beck, Lewis	2,995	Chueng, William	4,702
Beck, Louise	5,230	Clelland, Rhonda	2,576
Bennett, Kimberly	2,800	Coleman, Jennifer	2,389
Bennigton, Christopher	3,434	Comber, Betty-Lou	6,538
Bennington, Andrea	3,069	Connors, Sherry	3,200
Bergman, Jennifer	754	Conway, Selena	3,750
Bertolini, Alex	825	Cook, James	3,562
Besarra, Patrick	2,422	Cooper, Merrill	2,450
Besarra, Renfred	1,830	Cordero, Nina	1,304
Bevington, Anneliese	7,394	Costache, Monty	3,739
Bevington, Nick	3,398	Covello, Katharine	2,800
Billan, Narinder	1,337	Cowger, Heather	2,334
Blake, Corrine	4,602	Cox, Marian	2,970
Blesse, DiAnn	2,694	Coyne, Patricia	1,458
Blesse, Leanne	4,950	Coyne, Susan	2,992
Boettger, Darcy	1,249	Cran, Erin	2,100
Boettger, Darcy	1,721	Crawford, Barbara	2,449
Booth, Allister	789	Crawley, Meagan	3,409
Bourke, Edith	2,347	Critch, Amber	2,006
Bourke, Shawna	1,146	Critch, Maria Ellen	2,674
Bourque, James Michael	5,853	Csicsai, Peter	2,740
Bourque, Mary	3,814	Cunningham, Andrew	2,100
Bowden, Jeffrey	2,828	Curtis, Troy	1,384
Boyer, Craig	6,755	Cutten, Murray	1,425
Boyer, Vanessa	3,150	Czarnecki, Andrea	16,294
Braden, Kelda	1,765	Daitch, Clare	2,598
Braden, Lauren Rae	1,951	Dawe, Adam	2,800
Braden, Lauren Rae	1,008	Dean, Shaun	2,614
Brennan, Thomas	3,500	Deans, Keith	821
Broadhead, Leah	2,828	Debogorski, Curtis	5,044
Brown, Tara	2,180	Deklerk, Abraham	3,102
Brown, Tawna	4,465	DeKlerk, Jacobus	6,675
Bryan, Jordan	1,951	DeKlerk, Louis	5,600
Bryant, Michael	9,130	Delorey, D'Arcy	6,551
Bryant, Tracey	3,581	Denault, Daniel	2,095
Buckley, Wendy	5,962	Desfosses, Suzanne	1,983
Budd, Kevin	2,800	Desilets, Angela	1,523
Buhler, Dwayne	4,559	Desjarlais, April	607
Bujold,Carrie	3,244	Dillabough, Su-Ellen	3,891
Burles, William	2,800	Dillon, Kathleen	1,841
Burrill, Kevin	5,732	Dillon, Sarah	2,850
Butz, Allison	3,942	Dolan, Heather	2,500
Butz, Margaret	4,611	Domes, Kerri	4,669
Cadieux, Anne	3,956	Douglas, Mary Therese	1,293
Campbell, Josh	2,006	Doyle, Carolyn	4,077
Cardinal, Dina	5,200	Doyle, Marie	890

Government of the Northwest Territories

Schedule 11
(continued)

Non-Consolidated Schedule of Bad Debt Writeoffs, Forgiveness and Student Loan Remissions

for the year end March 31, 2004

STUDENT LOAN REMISSIONS
(continued)

Drescher, Michael	4,374
Duggan, Moira	1,634
Dunbar, Scott	5,140
Dunn, Daniel	1,753
Duong, Deip	2,035
Edkins, Kenneth	6,576
Elliott, Gordon	2,100
Emaghok, Georgina	10,986
Embodo, Amelita	3,504
Enge, Audrey	1,972
Epp, Amanda	1,249
Esau, Aleta	8,823
Fair, Saro	3,200
Fedun, Amanda	3,167
Feil, Leah	975
Feil, Wendy	7,113
Felix, Loretta	6,619
Feng, Min	1,249
Fillatre, Elizabeth	2,663
Fillatre, Gerald	8,779
Fitzpatrick, Jacqueline	1,211
Foote, Robert	1,400
Foster, James	2,751
Frano, Marek	4,724
Fraser, Wendy	4,384
Freund, Hardy	1,237
Froese, Tiffany	5,798
Gamble, Christopher	2,970
Gamble, Samuel	4,976
Gaudet, Josee	2,800
Gaudet, Micheline	2,619
Gaukel, Lori	5,918
Gauthier, Michelle	2,247
Gauthier, Vita	1,969
George, Jason	2,100
George, Troy	2,050
Gonzales, Raymond	6,587
Goodliffe, Martin	2,123
Gordon, Adam	3,430
Gostick, William	4,117
Goudreau, Rylan	6,000
Gourlay, Freyja	3,041
Graf, Shannon	921
Green, Bruce	4,655
Greene, Jason	2,751
Groenewegen, James J.	750
Groenewegen, James J.	1,436
Grundy, Lindsay	3,694
Ha, Nguyet Lisa	1,304
Ha, Nguyet Lisa	2,565
Hache, George	5,600
Haigh, Krista	4,669
Haley, Nikki	2,828
Halldorson, Travis	1,304
Hamilton, Lisa	1,260
Hamilton, Thomas	6,192
Hamm, Nicole	8,422
Harbicht, Laura	943
Harker, Brooke	1,414
Harney, Kami	4,877
Hayes, Sharon	1,542
Hayward, Trent	3,770
Hazenberg, Darren	3,742
Healy, Damien	2,839
Heath, Robert	1,038
Henry, Paul	1,896
Heron, April	2,972
Hewlko, Odessa	2,367
Heylar, Maurice	7,913
Heylar, Maurice	1,403
Hicks, Laura	2,848
Hilliard, Sheila	8,713
Hinton, Rory	1,271
Hobart, John	2,800
Holroyd, Peggy	1,304
Horton, M ark	2,892
Hoyles, Jaime	3,222
Hoyles, Vita	1,041
Hrynyshyn, James	553
Hubert, Andrew	560
Hurley, Lisa	7,201
Huynh, Tho	3,770
Hval, Ashley	2,389
Impett, Catherine	2,334
Inman, Trevor	3,354
Izzard, Michelle	3,748
Jagpal, Harmeet	2,674
Jasken, Jenel	3,288
Johnston, Dale	3,573
Johnston, Shawn	2,641
Jones, Andrew Morgan	2,970
Jones, Nicola	2,912
Jones, Pamela	2,729
Kallos, Sarah Joy	1,041
Kallos, Sarah Joy	1,184
Kalnay, Sarah	2,554
Kasteel, Trevor	3,770
Kauhausen, Jardin	1,984
Kay, Ruth	621
Keating, Nichole	2,800
Kelly, Allicia	575
Kenny, Irene	7,277
Kenny, Phoebe	8,542
Keyes, Katherine	1,217
Kidston, Tanya	2,051
King, Jason	1,896
King, Patricia	3,672
Kipling, James	7,800
Kirbyson, Holly	3,253
Knapp, Mitchell	1,315
Kolesnichenko, Patricia	922
Kovelench, Tracy	7,047
Krahn, Thomas	6,200
Kronstal, Alana	2,477
Kunst, Sandy	674
Kupeuna, Rosie	10,340
Lajoie, Karen	3,485
Lansdown, Darcy	1,403
Lantz, Crystal	3,639
Larocque, Michelle	1,019
Latour-Theede, Nicole	1,754
Lau, April	2,800
Leblanc, Philippe	1,556
Leblanc, Philippe	2,082
Lee, Nahum	4,822
Lee, Olivia	2,861
Lefrancois, Chad	4,132
Lefreniere, Holly	1,030
Legler, Michelle	2,013
Lehmann, David	762
Li, Vincent	3,869
Lorenzen, Laura	1,906

Non-Consolidated Schedule of Bad Debt Writeoffs, Forgiveness and Student Loan Remissions

for the year end March 31, 2004

STUDENT LOAN REMISSIONS

(continued)

Lovely. Sherry	706
Lowing, Christina	4,833
Macaskill, Cathy	2,403
Maceachern, Camilla	3,847
MacInnis, Susan	2,043
MacLaren, Angela	1,118
MacPhee, Kathy	7,493
MacPherson, Calum	4,209
MacPherson, Craig	806
MacPherson, Gaeleen	3,233
MacVicar, Patricia	6,083
Magnusson, Rachel	1,002
Maguire, Joanna	1,254
Maille, Alexandra	1,600
Malgokak, Tammy	4,400
Malloy, Kim	5,139
Mandeville, Curtis	2,800
Mangold, Dorothea	5,506
Marie, Debora	2,500
Marinic-Griffin, anna	2,100
Marrai, Luciano	1,304
Marshall, Jared	5,228
Marshall, Lucas	7,343
Marshall, Sean	712
Marsollier, Renee	3,950
Masongsong, Angela	1,315
Matthews,Loan	3,387
Matthews, Loan	4,044
Maund, Corey	1,326
McAuley, Timothy	3,500
McCann, tim	4,022
McClelland, lisa	7,933
McCordic, frederick	4,022
McCreadie, Tanis	3,058
McDonald, Erica	6,400
McKay, Angelika	4,472
McLachland, Corey	3,047
McLeod, Anna	8,593
McNeil, Crystal	1,797
McRae, Theresa	7,737
Memodovski, Vikram	2,100
Menton, Jonathan	3,474
Meszaros, Amanda	2,137
Meszes, Steve	10,594
Metcalfe, Jonathan	2,972
Migwi, Cecilia	5,669
Mihov, Dobry	1,030
Miller, Julie	4,400
Monroe, David	2,817
Morgan, Carrie	5,568
Morris, Sally	2,598
Morrison, Angela	2,800
Mujcin, Senad	3,080
Munro, Megan	2,543
Munroe-Rosen, Allan	2,800
Murphy, Sandra	6,142
Muyres, Lesley	2,558
Naugler, Tara	5,572
Navratil, Crystal	5,019
Nendsa, Norman	3,924
Nielsen, Sandra	3,048
Nigiyok, Lucy	2,800
Nikiforuk, Hiedi	8,582
Nind, Ben	1,470
Noel, Jason	4,570
Nolting, Antje	3,343
Normandin, Jeanne	1,231
Normandin, Maryse	6,000
Nyyssonen, Erika	712
Oake, Dean	3,178
O'bryne, Ruby	2,113
O'Connor, Colleen	2,355
Oosenbrug, Joslyn	4,877
Oosenbrug, Lindsey	4,790
O'Reilly, James	3,468
O'Rourke, Erin	4,509
Osted, Katherine	2,893
O'toole, Christine	614
Pandke, Erika	2,800
Pandke, Monica	1,458
Papineau, Patrick	2,882
Parchoma, April	2,800
Parchoma, Elyse	2,414
Pate, Kent	942
Pawluk, Tierra	2,784
Payne, Ronald	1,348
Payne, Ronald	4,702
Peffer, Susan	1,561
Penkala, Matthew	2,838
Pennell, Julie	6,000
Pennycook, Kelly	3,200
Peterson, Karla	1,403
Phillpot, Darha	2,143
Pilon, Conrad	3,540
Pin, David	7,277
Piro, Lorie	3,683
Pisz, Emilia	2,959
Posynick, Gillian Zoe	2,861
Posynick, Jon	2,882
Potter, Jamie	2,466
Powder, Lorne	2,600
Power, Patricia	1,145
Ralph, Robert	4,291
Ramm, Michelle	3,913
Ransom, Loretta	5,787
Readman, Niada	2,977
Readman, Tristan	3,398
Reid, Peter	1,600
Reid, Stacy	1,600
Reynolds, Theresa	4,931
Riddell, Sara	1,502
Rivera, Jemma	2,587
Roberts, Shannan	1,103
Robertson, Jonathan	8,800
Robertson, Scott	7,978
Robinson, Kevin	1,200
Robles, Alexandra	7,530
Roemer, Christine	2,850
Romie, Diane	7,238
Rose, Kent	6,192
Rosendahl, Jennifer	4,373
Rosendahl, Steven	1,776
Rouse, William	3,906
Ruben, Kenneth	10,640
Ruddick, David	4,274
Rudkevitch, Darwin	2,641
Rudkevitch, Monica	2,828
Rudolph, Christine	1,392
Ruptash-Stauffer, Janine	3,135
Saravanja, Elias	2,200
Savage, Genevieve	3,507
Scantland, Tanya	6,258

Government of the Northwest Territories

Schedule 11
(continued)

Non-Consolidated Schedule of Bad Debt Writeoffs, Forgiveness and Student Loan Remissions

for the year end March 31, 2004

STUDENT LOAN REMISSIONS

(continued)

Schwartzenberger, Jeffrey	2,389
Seeton, Jonathan	2,800
Semjanovs, Roslyn	4,198
Shank, Jacob	1,131
Shannon, Christina	3,869
Sharman, Jennifer	3,113
Shea, Erin	4,702
Shelton, Steven	2,800
Shipman, Brandy	1,819
Short, Greg	6,000
Sinclair, Michael	3,200
Slade, Dustin	1,008
Slifka, Cara	4,160
Smith, Angeline	4,965
Smith, Glenn	7,201
Smith, Lisa	774
Smith, Peter Douglas	6,734
Smith, Ryan	8,549
Smith, Stephen	3,814
Smith,Clinton	851
Sorenson, Robin	3,200
Stard, Tamara	3,803
Steele, David	2,800
Stevens, Kelly	1,994
Stewart, Andrew	3,454
Stewart, Meghan	1,480
Stinson, Starr	3,858
Stone, Danielle	4,987
Straker, Benji	2,806
Straker, Evelyne	2,926
Stringer, Jeremy	3,211
Strus, Vanessa	1,458
Sumcad, Erwin	2,824
Sundberg, Jill	5,403
Sutton, Fabian (Chad)	2,093
Sutton, Fabian (Chad)	7,836
Swallow, Jennifer	3,500
Swallow, Michelle	1,491
Testart, Tawanis	3,781
Toner, Patrick	3,814
Tordoff, Rod	10,288
Tran, Kia	3,288
Tuma, Milan A.	2,800
Turner, David	1,493
Vail, Roger	3,471
Van Dyke, Benjamin	3,233
Van Metre, Kimberly	4,899
Vandale, Linda	2,236
Varkonyi, Nini	3,430
Vaughan, Helen	997
Vaughan, Patricia	7,716
Venema, Jennifer	3,540
Vermillion, Misty	3,720
Villebrun, Aretha	1,500
Vincent, Marie-Elaine	1,666
Waddell, Jeffrey	3,124
Waddell, Robert	4,451
Wagner, Courtney	5,031
Wagner, Stacey	2,100
Walker, Candice	4,472
Walsh, Kerry	4,033
Walterhouse, Blaine	1,650
Ward, Sarah	2,291
Ward, Tracey	4,910
Wasylkiw, Tasha	3,836
Waugh, Tracy	6,916
Wettig, Darren	3,946
Wilkinson, Jennifer	2,642
Willford, David	4,230
Willms, Wendy	2,372
Wilson, Douglas D.	4,570
Wilson, Jonathan	4,050
Windle, Sarah	2,378
Wood, Maury	2,948
Wood, Quinton	1,567
Woodham, Matthew	4,252
Woods, Graeme	3,375
Woodward, Gwen	5,700
Wourms, Jill	1,873
Wouters, Morgan	2,800
Wowk, Meagan	2,109
Woytuik, Michael	1,304
Wyse, John	3,946
Yaceko, Cordilee	10,800
Yaxley, Neo	1,688
Ziemann, Janice	3,244
Total loan remissions over $500	**1,606,825**
Miscellaneous remissions under $500	**2,126**
Total loan remissions	**$ 1,608,951**

Government of the Northwest Territories

Schedule 12

Non-Consolidated Schedule of Recoveries of Debts and Student Loans Previously Written Off
for the year end March 31, 2004

Executive

Findlay, Jamie Scott	$ 25
	25

Municipal and Community Affairs

Andre, Ernie Estate of	1,000
Gaudet, Wayne	250
Itsi, Doris	123
	1,373

Public Works and Services

Appaqaq, Allie	52
Irvine, Simone	50
McPherson, Rose	44
Parr, Jolly	130
Tuccaro, Beverly	547
	824

Justice

Desjarlais, Yvonne	710
	710

Education, Culture and Employment

Aissaoui, Annie	1,800
Anderson, Carrie L.	650
Anthony-Wiseman, Dawn Erica	232
Arrowmaker, Peter	2,941
Aviugana, Myrna M.	1,013
Beaverho, Louisa	813
Behrends, Margrit	211
Behrends, Scarlett Hellen	238
Billostsoton, George	313
Blake-Heron, Ruby	405
Brinston, Audrey	544
Burton, Deborah	105
Campbell, Allison D.	369
Cardinal, Clifford John	67
Clark, Holly	120
Clarke, Sven Alexander	7,243
Courtoteille, Lois	557
Cuerrier, Sheila	283
Cullen, Lisa Rose	366
Curtis, April	96
Davidson, Emily	21
Delauniere, Marc Andre	5,944
Dolan, Heather I.	5,943
Donaldson, Ryan Jacob	5,116
Dyck, Carol Ann	787
Ebbinghoff, Carla Roanne	470
Edwards, John Bryan	14
Findley, Jamie Scott	10
Foote, Cheryl	384
Gargan, Diana Marina	2,538
Gargan, Sandra	50
Hathway, Wilfred Gordon	70
Irquit, David	461
Irvine, Simone Renee	750
Jerome, Dino Fred	1,013
Johnson, Patricia	957
Johnson, Raymond Elwood	311

Education, Culture and Employment (continued)

Kanayok, Shannon	93
Kirby, Arleen Margaret	1,130
Leishman, Christoper R.	1,644
Leon, Susan A.	972
Marsollier, Clinton	218
Marten, Marlyn	1,073
Marykuca, Katherine	2,800
McDougall, Thalie	37
McNeely, Willie	1,083
Modeste, Andrew	95
Monti, Ryan Douglas Scott	592
Nessel, Leon Ronald C.	1,445
Obryne, Ruby	2,113
O'Hare, Kathleen Marie	203
Oliver, Gerald Alexander	578
Paul, David Brendan	54
Piche, Marie Chantale	120
Piche, Monika	40
Pomfrey, Bryan Douglas	150
Rasmunssen-Tautenhahn, Gary	161
Reid, Stephen David	8
Ruben, Ruby Ann	191
Saint, Jay A.	600
Sanguez, Stanley	990
Sequin, Dean Michael	1,323
Stewart, Abraham	307
Stewart, Kurt Alexis	302
Tambour, Verda May	19
Tavalok, Abel	216
Thomas, Lee Jeanette Reina	2,650
Wilson, Erin Marie	9
Wright, Jason Richard	537
Yakelaya, Raymond	800
Yallee, Alvin Morris	800
	66,559

Resources, Wildlife and Economic Development

Cabot-Blanc, Clayton	145
Itis, Doris	27
Komangapik, Panikpak Kitty	402
Tailbone, George	1,305
	1,879

Total Debts Recovered	**$ 71,369**

Government of the Northwest Territories

Schedule 13

Non-Consolidated Schedule of Overdue Travel Advances

as at March 31, 2004

Overdue travel advances represent travel advances which have not been accounted for by an expense claim within 10 working days of the return date given on the travel authorization.

Legislative Assembly	
Schauerte, Douglas	$ 677
	677
Municipal and Community Affairs	
Blauel, Jeff	400
Chinna, Paulie	400
	800
Justice	
Debastien, Matilda Mary	160
Kodakin, Mary	500
Forbes, Sara Gail	350
Saunders, Emily	300
	1,310
Resources, Wildlife and Economic Development	
Boucher, Suzanne	750
	750
Total overdue travel advances	**$ 3,537**

Non-Consolidated Schedule of Lease Commitments - Commercial *

for the year ended March 31, 2004

(thousands of dollars)

	2005	2006	2007	2008	2009	2010-2021	Total
Yellowknife	$ 7,510	$ 6,805	$ 4,992	$ 4,508	$ 4,086	$ 6,618	$ 34,519
Fort Smith	1,584	1,512	1,384	1,115	588	3,165	9,348
Inuvik	1,195	826	701	578	486	1,141	4,927
	$ 10,289	$ 9,143	$ 7,077	$ 6,201	$ 5,160	$ 10,924	$ 48,794

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* The Government of the Northwest Territories no longer has any residential leases.

Government of the Northwest Territories

Schedule 15

Non-Consolidated Schedule of Guarantees

for the year ended March 31, (thousands of dollars)	2004	2003
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	$ 26,659	$ 27,225
Sinking fund debentures issued by the Northwest Territories Power Corporation		
a) maturing March 9, 2009	20,000	20,000
b) maturing June 6, 2011	15,000	15,000
c) maturing May 28, 2012	20,000	20,000
d) maturing October 27, 2018	10,000	10,000
e) maturing February 27, 2026	8,700	8,700
f) maturing December 18, 2032	19,333	20,000
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,379	7,475
b) maturing October 1, 2025	7,400	7,494
c) maturing September 1, 2026	8,370	8,478
Loans payable by the Northwest Territories Power Corporation		
a) banker's acceptance	3,000	6,000
Guarantee of operating lines of credit	17,140	17,010
Guarantee of Northwest Territories Opportunities Fund	2,000	-
Guarantee of residential housing loans	11,200	8,100
	$ 176,181	**$ 175,482**

Government of the Northwest Territories

Schedule 16

Non-Consolidated Schedule of Overdue Accountable Advances Related to Previous Fiscal Years

for the year end March 31, 2004

	Date Issued	
Municipal and Community Affairs		
Lutsel K'e Dene Band	March 7, 2003	$ 1,100
Town of Fort Smith	March 20, 2003	55,566
		56,666
Health and Social Services		
Alberta Blue Cross	May 21, 2002	75,000
Dene Nation	October 23, 2002	71,400
Deninu Community Health and Social Services	July 20, 2001	259,729
Gameti First Nation	November 29, 2002	23,782
Nahanni Butte Dene Band	December 18, 2002	7,963
NWT RNA	August 15, 2002	15,000
Yellowknife Health and Social Services	January 22, 2003	27,102
Yellowknife Health and Social Services	March 6, 2003	30,000
		509,976
Justice		
Deninu Ku'e First Nation	August 28, 2002	10,000
Deninu Ku'e First Nation	January 27, 2003	17,000
Gameti First Nation	October 7, 2002	13,500
Gameti First Nation	February 20, 2003	384
Hay River Dene Reserve	February 13, 2003	7,250
James Rogers	March 20, 2003	1,064
K'asho Got'ine Charter	April 4, 2001	3,000
Lutsel K'e Dene Band	February 7, 2003	5,000
Town of Norman Wells	September 3, 2002	23,500
Tulita Wellness Agency	July 22, 2002	17,000
Tulita Wellness Agency	September 27, 2002	20,000
Yellowknife Dene First Nation	May 27, 2002	13,500
Yellowknife Dene First Nation	August 12, 2002	20,000
Yellowknife Women's Center	July 22, 2002	3,828
		155,026
Resources, Wildlife and Economic Development		
Adele Lamouelle	July 31, 2002	800
Adeline Football	November 30, 2002	500
Agnes Apples	July 31, 2002	800
Akaitcho Treaty 8 - IBA Office	January 13, 2003	3,668
Alice Rabesca	July 31, 2002	800
Alice Wedawin	July 31, 2002	800
Camilla Nitsiza	July 31, 2002	800
Cathy Simpson	October 15, 2002	500
Deline Land Corporation	March 21, 2003	16,000
Doreena Simpson	October 15, 2002	800
Eva Beaverho	October 15, 2002	800
Fort Good Hope Renewable Resources	February 25, 2003	16,500
Fort Good Hope Renewable Resources	March 21, 2003	1,225
Fort Liard Metis Development	January 28, 2003	1,000
Fort Liard Metis Development	January 28, 2003	2,500
Marlene Wedawin	July 31, 2002	800
Mary Madeli Nitsiza	July 31, 2002	800
Mary Rose Charlo	July 31, 2002	800

Government of the Northwest Territories

Schedule 16
(continued)

Non-Consolidated Schedule of Overdue Accountable Advances Related to Previous Fiscal Years

for the year end March 31, 2004

Resources, Wildlife and Economic Development (continued)

Mary Rose Lamouelle	November 19, 2002	500
Nancy Ann Lafferty	November 19, 2002	500
Nora Simpson	November 30, 2002	500
Northwest Territory Metis Nation	January 22, 2003	11,000
NWT2000.Com Inc	June 5, 2002	7,200
Sachs Harbour Hunters	July 2, 2002	15,000
Salt River First Nation #195	November 28, 2002	4,200
Samantha Ekendia	December 18, 2002	500
Therese Lafferty-Apple	November 19, 2002	700
Tulita Financial Corporation	March 7, 2003	12,120
Veronica Quitte	July 31, 2002	800
Violet Nitsiza	July 31, 2002	800
		103,713
Total		**$ 825,381**

Government of the Northwest Territories

Schedule 17

Non-Consolidated Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2004

Legislative Assembly

Official Languages	$ 15,000
	15,000

Executive

Executive Offices

Secondments	21,546
French Languages	4,610
	26,156

Financial Management Board Secretariat

Equal Pay Litigation	333,184
Secondments	55,944
Public Service Commissioner Conference	3,300
French Languages	2,955
	395,383

Aboriginal Affairs

Intergovernmental Forum	1,322,403
Secondments	535,192
Devolution Negotiations	497,300
Gwich'in Land Claims Implementation	137,308
Sahtu Land Claims Implementation	105,101
Inuvialuit Implementation	77,966
Tli Cho Land Claims Implementation	18,700
	2,693,970
	3,115,509

Finance

Housing Needs Survey	155,000
Statistics Canada	26,450
French Languages	2,000
	183,450

Municipal and Community Affairs

Demolition of St.Anne's Hospital	662,800
Training to Government of Nunavut	271,764
Tli Cho Agreement	233,020
Pan - Territorial Sports	170,000
Community Training Program	100,000
Secondments	96,492
Inuvialuit Final Agreement	51,261
Search and Rescue Prevention	43,331
Interprovincial Sport and Recreation Council	20,000
French Languages	10,750
Gwich'in Land Claim	19
Sahtu Land Claim	19
	1,659,456

Government of the Northwest Territories

Schedule 17
(continued)

Schedule of Projects for Canada, Nunavut and Others
- Expenditures Recovered

for the year ended March 31, 2004

Public Works and Services

Aurora College - Inuvik	405,243
Inuvik Regional Health Board	304,128
WCB Office Renovations - Yellowknife	283,650
Aurora College - Fort Smith	256,577
Aurora College - Yellowknife	120,636
Sir John Franklin High School	108,850
Beaufort / Delta Education Board	94,399
French Languages	85,677
Federal Building Renovations - Fort Smith	59,294
Tulita Developments	8,542
Gwich'in Land Claims	4,000
	1,730,996

Health and Social Services

Provision of Non-Insured Services	8,234,569
Nunavut Services Chargeback Agreement	7,774,610
Home and Community Care	3,547,728
Brighter Futures	2,818,447
Primary Health Care Transition Fund	1,160,853
Canada Pre-natal Nutrition Program	867,961
Aboriginal Diabetes Initiative	457,127
Fetal Alcohol Syndrome / Effects	281,525
Tobacco Mass Media Strategy	274,772
Official Languages	232,000
Northern Native Alcohol and Drug Addiction Program	216,099
Tobacco Control Strategy	178,319
Federal, Provincial, Territorial Social Services Meetings	156,147
Program Management	115,959
NWT National Diabetes Surveillance System	102,780
Northern Tobacco Use Monitoring System	70,000
WestNet Tele-Ophthalmology	31,769
Nunavut Support Services Agreement	27,317
Aboriginal Languages	3,675
	26,551,657

Government of the Northwest Territories

Schedule 17
(continued)

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2004

Justice

Exchange of Services - Nunavut Inmates	1,249,384
Official Languages - French	449,491
Family Law Initiative	142,551
Public Trustee - Estates clerk	87,600
Tli Cho Agreement	77,315
Legal Services for NWTHC	50,000
Youth Criminal Justice Act - Implementation Contingencies	47,500
NWT Law Foundation Library Project	35,000
Youth Criminal Justice Act - Training	30,000
Youth Criminal Justice Act - Fetal Alcohol Disorder Training	30,000
RCMP - First Nations Policing - Community Consultation	25,425
Victims Services - Workshop for Volunteers	25,000
RCMP Training Forum	24,286
Gwich'in Land Claims	23,077
Sahtu Land Claims	23,000
Law Society of the NWT Library Project	20,000
NWT Victims Support Network	18,578
RCMP - First Nations Policing - Recruitment	18,118
Youth Justice Community Manual	15,000
Communication Initiative	2,665
Police Discretion Guidelines	1,800
	2,395,790

Education, Culture and Employment

Labour Market Development Agreement	5,060,859
Canada / NWT Agreement, Aboriginal	1,895,787
Secretary of State - French	1,266,000
Income Support Seniors, Nunavut contract	900,360
Canada / NWT Agreement, French	840,506
Prince of Wales Northern Heritage Centre - gallery upgrade	350,000
Historic Places	259,515
University College Entrance Program	209,481
Museum, Nunavut contract	150,781
Canadian Council Human Resources in the Environment Industry	100,000
Smart Communities	62,500
Archives Database Integration	55,000
Archives database	48,510
Canada Millennium Scholarship	40,000
Virtual Archaeology	26,400
Preservation management	18,000
Control of Holdings	15,939
Journeys of Nuligak	12,024
Sahtu Land Claims	11,744
Inuvialuit Skin Clothing Project	10,573
Gwich'in Land Claims	4,414
	11,338,393

Government of the Northwest Territories

Schedule 17
(continued)

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2004

Transportation

Airports Funding Advances	3,377,527
Coast Guard Minor Works	449,765
Air Tindi Remedial Work	216,603
National Safety Code	174,507
Alberta road maintenance	114,841
Remediation of Contaminated Soil - Jean Marie River	113,000
Services - Transportation	13,443
Hay River Corridor maintenance	12,069
	4,471,755

Resources, Wildlife and Economic Development

Inuvialuit Land Claim Implementation	3,224,306
West Kitikmeot Slave study	199,810
Secondments	157,204
Sahtu Land Claims Implementation	155,818
Gwich'in Land Claims Implementation	138,143
Environmental Policy and Research - Climate Change Program	130,500
Conservation and Protection	115,000
NWT Cumulative Impact Monitoring Program	113,465
Knowledge and Innovation Fund	112,825
Sahtu Geographic Information System Project	108,065
National Forest Inventory	80,000
Protected Areas Strategy	75,000
Oil and Gas Pipeline	60,000
Joint Secretariat	45,000
Habitat Stewardship Program for Species at Risk	42,000
Wood Bison Genetic Management	34,125
Bison Control Program	33,882
Thesis Support	25,000
Sahtu Banding Project	24,683
Dall sheep study	23,021
SMART Tourism	22,256
French Languages	21,179
Gwich'in Renewable Resources Board	17,500
Digital satellite data	16,193
Geoscience Documents Digital Conversion	12,000
National Resources Canada	12,000
Mines and Minerals Management	6,327
Daring Lake Breeding Bird surveys	5,000
	5,010,302

Total	**$ 56,472,308**

PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2003 - 2004

Section III Supplementary Financial Statements

Northwest
Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2004

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

HONOURABLE JOE HANDLEY

Minister of Finance

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AURORA COLLEGE

FINANCIAL STATEMENTS

for the year ended June 30, 2003

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues her report thereon to the Minister of Education, Culture and Employment.

Ronald Holton
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
August 29, 2003

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of the Aurora College as at June 30, 2003 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
August 29, 2003

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AURORA COLLEGE

BALANCE SHEET
as at June 30, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 1,964	$ 1,859
Net accounts receivable (Note 4)	1,053	1,730
Prepaid expenses	67	65
	3,084	3,654
Capital assets (Note 5)	**3,621**	3,299
	$ 6,705	$ 6,952
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,173	$ 1,672
Employee leave pay	1,049	920
Due to the Government of the Northwest Territories	785	450
Current portion of employee future benefits	237	195
Deferred project income	122	427
	3,366	3,664
Employee future benefits (Note 6)	**949**	780
Professional development fund (Note 7)	**684**	510
Deferred capital contributions	**583**	356
	5,582	5,310
EQUITY (Note 8)	**1,123**	1,642
	$ 6,705	$ 6,952

Commitments (Note 11)

Approved by the Board:

Earl Jacobson
Chairperson of the Board

Gina Dolphus
Gina Dolphus
Chairperson of the Finance Committee

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

STATEMENT OF OPERATIONS AND EQUITY

for the year ended June 30, 2003
(thousands of dollars)

	2003	2002
REVENUE		
Government contributions (Note 9)	$ 24,858	$ 23,683
Project income		
Territorial government	3,606	3,909
Federal government	640	696
Other	1,404	1,449
Tuition fees	1,738	1,500
Room and board	772	722
Investment income	76	105
Other	634	895
TOTAL REVENUE	**33,728**	32,959
EXPENSES		
Compensation and benefits	20,619	17,994
Contract services	7,015	8,118
Materials and supplies	1,938	2,643
Utilities	1,520	1,317
Fees and payments	1,260	1,383
Travel and accommodation	994	1,236
Communication, postage and freight	511	688
Amortization of capital assets	390	394
TOTAL EXPENSES	**34,247**	33,773
DEFICIT	**(519)**	(814)
EQUITY AT BEGINNING OF YEAR	**1,642**	2,456
EQUITY AT END OF YEAR	**$ 1,123**	$ 1,642

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

CASH FLOWS STATEMENT
for the year ended June 30, 2003
(thousands of dollars)

	2003	2002
Cash flows from operating activities		
Deficit	**$ (519)**	$ (814)
Non-cash transactions:		
(Gain) loss on disposal of capital assets	(28)	5
Amortization of deferred capital contributions	(48)	(45)
Amortization of capital assets	390	394
	(205)	(460)
Changes in non-cash items		
Accounts receivable and prepaid expenses	675	(749)
Accounts payable and other current liabilities	(340)	215
Employee future benefits	211	(53)
Professional development fund	174	34
	720	(553)
Cash generated from (used by) operating activities	**515**	(1,013)
Cash flows from financing activities		
Capital contributions	**275**	259
Cash flows from investing activities		
Proceeds from sale of equipment	28	20
Acquisition of capital assets	(713)	(485)
Cash used by investing activities	**(685)**	(465)
Net increase (decrease) in cash	**105**	(1,219)
Cash and cash equivalents at beginning of year	**1,859**	3,078
Cash and cash equivalents at end of year	**$ 1,964**	$1,859

The accompanying notes are an integral part of the financial statements.

1. AUTHORITY AND MANDATE

The Aurora College is established under the *Public Colleges Act*. The College is a territorial corporation under the *Financial Administration Act* and is exempt from income taxes.

Aurora College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts and employee future benefits.

b) Capital assets

Capital assets transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated remaining lives on a straight-line basis at the following annual rates:

Mobile equipment	10 - 33.33%
Building additions and renovations	5%
Furniture and equipment	20 - 40%
Leasehold improvements	over the term of the lease

c) Employee future benefits

Pension benefits
Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The College's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the College and are charged to operations on a current basis. The College is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Non-pension benefits
The College is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the College. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The College recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

d) Government contributions and deferred capital contributions

Under a contribution agreement with the Government of the Northwest Territories (the Government) dated January 25, 1995, the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Contributions from the Government are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenses. Contributions for operating expenses are recognized on the statement of operations and equity in the College academic year for which it is approved. Contributions for depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying capital assets.

e) Project income and deferred project income

The College provides education and research services to outside parties through contractual arrangements. Payments received under these contracts for which the development and delivery of projects is not completed are recorded as deferred project income until completion.

f) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, advertising, building and equipment repairs, software development, curriculum development, food service contracts, janitorial contracts, instruction contracts, leases and rental agreements. These amounts are charged as an expense in the year the service is rendered.

3. CASH AND CASH EQUIVALENTS

The College's cash balances are pooled with the Government's surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2003 was 2.50% (2002 - 2.63%.)

4. NET ACCOUNTS RECEIVABLE

	2003			2002
	(thousands of dollars)			
	Accounts Receivable	Allowance	Net	Net
Government contributions	$ 120	$ -	$ 120	$ 115
Project income				
- Government	316	3	313	681
- Other	640	80	560	820
Students	340	283	57	108
Advances	3	-	3	6
	$ 1,419	$ 366	$ 1,053	$ 1,730

All receivables are currently due and the fair value of these receivables approximates their carrying value.

5. CAPITAL ASSETS

	2003 (thousands of dollars)			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mobile equipment	$ 2,345	$ 1,026	$ 1,319	$ 996
Building additions and renovations	1,991	547	1,444	1,543
Furniture and equipment	1,217	708	509	481
Leasehold improvements	909	560	349	279
	$ 6,462	$ 2,841	$ 3,621	$3,299

6. EMPLOYEE FUTURE BENEFITS

Pension benefit

During the year the Public Service Superannuation Plan (PSSA) required the College to contribute at a rate of 2.14 (2002- 2.14) times the employees' contributions. Contributions to the PSSA during the year were approximately $1,161,000 (2002- $1,322,000).

7. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make available a specific amount of funding, against which approved instructor professional development expenses are charged. The balance represents the accumulated unspent amount of the College's obligation to instructors.

8. EQUITY

The equity balance includes the net book value of capital assets transferred to the college when it was established and the results of operations since that date. The following appropriations have been made from equity:

(thousands of dollars)

Appropriated equity:	Balance, opening	Net deficit	Appropri-ated	Used in Operations	Balance, ending
a) Program delivery	$ 117	$ -	$ -	$ -	$ 117
b) Research & development	76	-	28	(29)	75
c) HEO replacement & maintenance	164	-	-	-	164
d) Restricted Donations	21	-	34	(32)	23
Unappropriated equity:	1,264	(519)	(62)	61	744
Total equity	**$1,642**	**$ (519)**	**$ -**	**$ -**	**$ 1,123**

a) Appropriated for Program Delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Board of Governors.

b) Appropriated for Research & Development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

c) Appropriated for HEO (Heavy Equipment Operator) Replacement & Maintenance

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

d) Restricted Donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

9. GOVERNMENT CONTRIBUTIONS

	2003	2002
	(thousands of dollars)	
Operating contributions	$ 24,810	$ 23,652
Amortization of deferred capital contributions	48	45
Other	-	(14)
	$ 24,858	$ 23,683

10. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms.

Expenses

Under terms of administrative agreements, the Government provides and charges for certain support services to the College. The College reimbursed the Government $1,649,000 (2002 - $1,774,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Services Provided Without Charge

Additional services provided by the Government without charge to the College include payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. These services would have cost the College an estimated $405,000 (2002 - $540,000).

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated $1,805,800 (2002- $1,703,900), the Government's amortization expense for these assets has been used as the basis for this estimate.

11. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(thousands of dollars)
2004	2,979
2005	2,703
2006	2,687
2007	2,605
2008	1,223
thereafter	9,784
	$ 21,981

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORTION

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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FINANCIAL STATEMENTS

MARCH 31, 2004

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Business Credit Corporation (the Corporation) were prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include amounts requiring estimates, which have been made based upon informed judgment as to the expected results of current transactions and events, such as the provision for losses on impaired loans and services provided by the Government of the Northwest Territories (the Government) without charge. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, and that assets are acquired prudently, used to further the Corporation's aims, and are protected from loss.

The Corporation is subject to the *Northwest Territories Business Credit Corporation Act* and the *Financial Administration Act*. It also receives ministerial directives establishing policy guidelines. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable legislation and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors appoints certain of its members to serve on the Management Sub-Committee. This Sub-Committee oversees management's responsibility for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant aspects, in accordance with the specified legislation.

Afzal Currimbhoy,
Chief Executive Officer

June 4, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 2004 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Business Credit Corporation Act* and regulations and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 4, 2004

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

BALANCE SHEET
MARCH 31

	$ 000's	
	2004	2003
ASSETS		
Cash and Cash Equivalents (Note 3)	$ 218	$ 43
Loans Receivable (Note 4)	40,534	35,891
Accrued Interest Receivable (Note 4)	188	174
	40,722	36,065
Less: Allowance for Losses on Impaired Loans (Note 5)	8,955	7,370
	31,767	28,695
Capital Assets (net of accumulated amortization of $93 (2003: $97))	15	25
	$ 32,000	$ 28,763
LIABILITIES		
Deferred Capital Contribution	$ 15	$ 25
Advance from the Government (Note 6)	35,578	31,204
	35,593	31,229
DEFICIT		
Deficit	(3,593)	(2,466)
	$ 32,000	$ 28,763

CONTINGENT LIABILITIES (NOTE 7)

APPROVED:

Kimberly Staples
Chairperson of the Board of Directors

Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF OPERATIONS AND DEFICIT
For the Year Ended March 31

	$ 000's	
LENDING ACTIVITIES	**2004**	**2003**
Interest Income on Loans Receivable	$ 2,139	$ 1,853
Interest Expense on Advance from the Government (Note 6)	1,050	1,119
Net Interest Income	1,089	734
Provision for Losses on Impaired Loans (Note 5)	2,216	956
Net Loss on Lending Activities	(1,127)	(222)
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	667	624
Office	53	46
Professional Fees	34	23
Board Meetings	15	22
Amortization	13	29
Computer Services	13	2
Communications	12	10
	807	756
Net loss before contribution toward administrative expenses	(1,934)	(978)
Less: Administrative Contribution - the Government (Note 9)	807	756
NET LOSS FOR THE YEAR	(1,127)	(222)
DEFICIT AT THE BEGINNING OF THE YEAR	(2,466)	(2,244)
DEFICIT AT THE END OF THE YEAR	$ (3,593)	$ (2,466)

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CASH FLOWS
For the Year Ended March 31

	$ 000's	
CASH FLOWS FROM OPERATING ACTIVITIES	2004	2003
Interest Received on Loans Receivable	$ 2,108	$ 1,875
Interest Repayment of Advance to the Government	(1,386)	(783)
Contribution Received Toward Administrative Expenses	801	722
Administrative Expenses Paid	(801)	(722)
Interest Received on Bank Account	17	12
	739	1,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans Receivable Repaid	6,587	6,298
Loans Receivable Disbursed	(11,861)	(10,102)
Purchase of Capital Assets	(3)	(15)
	(5,277)	(3,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from the Government	4,847	2,345
Principal Repayment of Advance to the Government	(137)	-
Contribution Received Toward Acquisition of Capital Assets	3	15
	4,713	2,360
NET INCREASE (DECREASE) IN CASH	$ 175	$ (355)
Cash and Cash Equivalents at Beginning of the Year	$ 43	$ 398
Cash and Cash Equivalents at End of the Year	$ 218	$ 43

The accompanying notes form an integral part of the financial statements.

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation was established in 1991 pursuant to the *Northwest Territories Business Credit Corporation Act* (Act). It is subject to the *Financial Administration Act* and is a Crown Corporation of the Government and is exempt from income tax.

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories to resident business enterprises, by providing loans, guaranteeing loans made by financial institutions, providing bonds and indemnifying bonding companies which have provided bonds. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate. Its role is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

The Minister responsible for the Corporation has drafted and plans to table a Bill to enact the *Northwest Territories Business Development and Investment Act*. If passed in the legislature, the Bill would create the Northwest Territories Business Development and Investment Corporation which then will assume the operations of the Corporation.

Economic dependency

The Corporation is economically dependent upon the Government's continuing contributions for direct administrative expenses and advances.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Corporation in the preparation of these financial statements are summarized below.

Loans

Loans are stated at the lower of principal amounts or estimated realizable amounts receivable. Accrued interest receivable and an allowance for losses on impaired loans are recorded separately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for losses on impaired loans

The allowance for losses on impaired loans represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific and general component.

a) Specific allowance: A loan is classified as impaired when one or more of the following conditions exist:

- in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest, or
- principal or interest is six months past due, unless the loan is well secured, or
- the loan has been previously restructured and principal or interest is three months past due, or
- principal or interest is twelve months past due regardless of whether or not the loan is well secured, or
- there is a significant decline in the value of the security underlying the loan.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated realizable amount as determined based on management's estimates. This is the lower of the recorded amount of the loan or the net fair market value of the security underlying the loan. The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or credit to the specific allowance.

b) General allowance: In addition to the specific allowance, the Corporation maintains a general allowance, established at two percent (2%) of loans receivable, net of the specific provision, to reflect management's estimate for losses on those impaired loans which cannot yet be specifically identified. The general allowance is determined based on historical loss experience, aggregate exposure in particular industries or geographical regions, and prevailing economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

Interest revenue on loans receivable is normally recognized on an accrual basis. The Corporation ceases to accrue interest once a loan is classified as impaired. Payments received on impaired loans are credited to the loan balance and recognized as revenue only when either the loan balance has been repaid or the loan is no longer classified as impaired. Payments received on any previously written off loans are recognized as revenue.

Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight line basis over the estimated useful life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Employee future benefits

The Corporation and its employees who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation.

Under the conditions of employment, employees earn non-pension employment benefits for retirement and severance pay. The costs are accrued as the benefits are earned. Accrued severance benefits are paid upon resignation, retirement or death of employees by the Government.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Some of the more significant estimates made relate to loans and accrued interest receivable, allowance for losses on impaired loans and provision for losses on impaired loans.

3. CASH AND CASH EQUIVALENTS

The Corporation's cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. The cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government.

The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 2.4% during the year (2003: 2.3%).

Net investment income of $17,000 (2003: $12,000) is included in Interest Income on Loans Receivable.

4. LOANS AND ACCRUED INTEREST RECEIVABLE

The Corporation provides loans for periods up to five years and amortization not exceeding twenty-five years at fixed rates based on risk factors including the size of the loan, the security provided and the ability of the client to make scheduled payments.

	Range of Annual Interest Rates		$ 000's	
Region	2004	2003	2004	2003
Loans Receivable				
Deh Cho	5.75 - 9.25%	5.75 - 9.50%	$ 2,921	$ 3,151
Inuvik	6.50 - 9.50%	6.50 - 9.50%	7,012	4,082
North Slave	3.50 - 9.75%	3.50 - 9.75%	13,180	12,993
Sahtu	6.75 - 9.50%	6.75 - 9.50%	2,422	2,769
South Slave	5.75 - 9.50%	5.75 - 9.50%	14,999	12,896
			40,534	35,891
Accrued Interest Receivable				
Current			155	140
Arrears			33	34
			188	174
			$ 40,722	$ 36,065

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Loans receivable and accrued interest include $11,159,000 (2003: $9,185,000) that the Corporation has specifically classified as impaired. In 2004, interest not accrued on impaired loans totalled $785,000 (2003: $800,000).

The value of loans in which the Corporation has title to or foreclosed on totalled $839,000 (2003: $770,000). These loans have related allowances for losses totalling $723,000 (2003: $625,000). The value of assets in which the Corporation has title to or foreclosed on totalled $116,000 (2003: $145,000).

As of March 31, 2004, loans receivable are expected to mature as follows:

Maturity Date	Range of Annual Interest Rates	$ 000's
Loans past due	6.00 – 8.50%	$ 9,415
2005	6.75 – 9.50%	2,864
2006	7.00 – 9.50%	3,275
2007	6.25 – 9.75%	3,550
2008	3.50 – 7.75%	9,169
2009 and beyond	6.25 – 9.50%	12,261
		$ 40,534

Write-offs

Under the provisions of the *Financial Administration Act*, a loan (outstanding principal and interest) can only be approved for write-off by either the Legislative Assembly (over $20,000) or the Board of Directors ($20,000 or less). A loan written off is still subject to collection action.

In 2004, no accounts were written off by the Legislative Assembly (2003: nil) and no accounts were written off by the Board of Directors (2003: twelve accounts representing eleven borrowers totalling $56,010).

In 2004, recoveries on loans previously written off totalled $746 (2003: $2,067).

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Forgiveness

Under the provisions of the *Financial Administration Act*, a loan can only be approved for forgiveness by either the Legislative Assembly (over $1,000) or the Financial Management Board ($1,000 or less). Once a loan has been forgiven, no further collection action is possible.

In 2004, four accounts representing four borrowers totalling $630,733 were forgiven by the Legislative Assembly (2003: ten accounts representing nine borrowers totalling $341,176). No accounts were forgiven by the Financial Management Board (2003: nil).

Credit risk

The Corporation's credit risk exposure relating to loans receivable is directly impacted by the borrowers' ability to meet their obligations. This ability is impacted by the borrowers' exposure to fluctuations in the economy of the Northwest Territories.

The Corporation mitigates credit risk by holding no significant concentration with any individual borrower. It is prevented by the Act from lending to any one business enterprise or to a group of related enterprises an amount in excess of $2 million. Where appropriate, the Corporation takes security for the loans.

Economic sector diversity

The Corporation diversifies its loan portfolio by providing loans to various economic sectors of the Northwest Territories.

	$ 000's	
	2004	2003
Trade and Services	$ 22,722	$ 21,076
Travel and Tourism	5,269	5,195
Transportation, Communication and Utilities	4,382	2,079
Construction	3,706	4,221
Manufacturing	2,799	2,103
Agriculture	623	224
Fisheries	614	589
Wildlife	160	198

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Economic sector diversity (cont'd)

	$ 000's	
	2004	2003
Arts and Crafts	138	162
Forestry	121	44
	$ 40,534	$ 35,891

Impaired loan balances by economic sectors are as follows:

	$ 000's	
	2004	2003
Trade and Services	$ 4,428	$ 4,549
Travel and Tourism	3,217	447
Construction	1,307	1,771
Manufacturing	856	998
Transportation, Communication and Utilities	800	900
Agriculture	224	224
Fisheries	190	136
Arts and Crafts	99	116
Forestry	38	44
	$ 11,159	$ 9,185

Fair Value

The carrying value, estimated to be the fair value of the loans, is stated at the lower of principal amounts or estimated realizable amount receivable. The Corporation bases its estimate of the fair value of the loans on analysis of the principal outstanding and the value of any underlying security. As with any estimate, uncertainty is inherent due to the unpredictability of future events. Estimates of fair values are based on market conditions at a certain point of time, and may not be reflective of the actual values that could be realized upon settlement.

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS

	$ 000's	
	2004	2003
Specific Allowance for Losses on Impaired Loans:		
Balance at beginning of year	$ 6,788	$ 6,286
Provision for the year	2,154	899
	8,942	7,185
Less: write-offs	-	56
forgiveness	631	341
	631	397
Balance at end of year	8,311	6,788
General Allowance for Losses on Impaired Loans:		
Balance at beginning of year	582	525
Provision for the year	62	57
Balance at end of year	644	582
Allowance for Losses on Impaired Loans	$ 8,955	$ 7,370

6. ADVANCE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

The Act authorizes the Corporation to borrow for the purpose of lending, up to $50 million from the Government through an advance. Increases to the outstanding balance of the advance must be approved by the Financial Management Board based on the need of the Corporation. The balance was not to exceed $45 million as at March 31, 2004 (2003: $38 million).

Interest on the advance is based on the rate set at the last week of each month of the Government of Canada 3-year bonds, compounded annually. The rate varied from 2.7% to 3.8% during the year (2003: 3.5% to 4.3%).

There are no fixed repayment terms on the advance. Repayment on the advance is made whenever the Corporation has sufficient cash on hand not earmarked for lending purposes.

The carrying amount of the advance from the Government of the Northwest Territories of $35,578,000 (2003: $31,204,000) approximates fair value.

7. CONTINGENT LIABILITIES

The Corporation is named as defendant in one proceeding and as co-defendant in a second proceeding. Both proceedings are related to steps taken by the Corporation to call and enforce its rights involving the collateral security of loans. An estimate of the contingent loss arising from these actions, if any, cannot be reasonably determined at this time. Liability arising from these proceedings, if any, will be reflected as an expense when determined.

8. PUBLIC SERVICE SUPERANNUATION PLAN

Under the Public Service Superannuation Plan, the expense for the Corporation's share of contribution totalled $68,000 (2003: $59,000) at a rate of 2.14 times the employee's contribution. The contributions from the Corporation and its employees represent the total pension obligation of the Corporation and are recognized in the accounts on a current basis.

9. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Administrative contribution

Under the terms of administrative agreements between the Corporation and the Government, direct administrative expenses of the Corporation are fully funded by the Government. Accrued expenses such as amortization and the annual leave are recorded as charges against the contribution in the year they are incurred.

Services provided without charge

The Corporation does not record the value of other capital assets or services provided by the Government without charge in these financial statements. Services provided by the Government include accounting support, regional and human resource services as well as office accommodation and some capital assets. The values of such services are estimated as follow:

9. RELATED PARTY TRANSACTIONS (CONT'D)

Services provided without charge (cont'd)

	$ 000's	
	2004	2003
Staff support	$ 623	$ 540
Accommodation	48	48
Employee future long term benefits	14	7
	$ 685	$ 595

Cumulative employee future long term benefits accrued at March 31, 2004 is $106,000 (2003: $92,000).

Furthermore, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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Statement II Statement of Operations

Statement III Statement of Changes in Estate and Trust Fund Balance

Notes to the Financial Statements

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AUDITORS' REPORT

Commissioner

We have audited the Balance Sheet of the Estate and Trust Fund as at March 31, 2004 and the Statements of Operations and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the Office of the Public Trustee for the Northwest Territories. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the Fund as at March 31, 2004, the results of operations and the changes in the Estate and Trust Fund Balance for the year then ended in accordance with accounting policies of the Public Trustee as outlined in Note 2 to the financial statements and as required by the Public Trustee Act and Regulations.

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have in all significant respects, been within the statutory powers of the Public Trustee.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, N.W.T.

May 27, 2004

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STATEMENT I

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

BALANCE SHEET
March 31, 2004

ASSETS

	2004	2003
Cash (Note 3)	$2,894,961	$2,694,502
Other assets at nominal value	1	1
	$2,894,962	$2,694,503

LIABILITIES

	2004	2003
Undistributed Common Fund earnings per Statement II (Note 4)	$ 27,085	$ 29,703
Estate and Trust Fund per Statement III (Note 5)	2,867,877	2,664,800
	$2,894,962	$2,694,503

APPROVED:

Public Trustee for the Northwest Territories

See the accompanying notes.

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PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2004

	2004	2003
Undistributed Common Fund earnings, opening	$ 29,703	$ 26,317
Add		
Common Fund earnings	77,187	68,751
	106,890	95,068
Less		
Interest paid to estates and trusts	49,571	38,639
Management fees	26,495	24,442
Miscellaneous account deficiencies	-	-
Excess interest paid to the Government of the Northwest Territories	3,739	2,284
	79,805	65,365
Undistributed Common Fund earnings, closing	$ 27,085	$ 29,703

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF CHANGES IN ESTATE AND TRUST FUND BALANCE

For the year ended March 31, 2004

	2004	2003
Estate and trust funds provided:		
Estate and trust assets received	$ 1,136,295	$ 1,342,144
Common Fund interest paid to estates and trusts	49,570	38,639
	1,185,865	1,380,783
Estate and trust funds applied:		
Payments to beneficiaries	790,989	992,830
Disbursements made on behalf of estates and trusts	120,629	113,171
Administration fees	63,805	74,786
GST on Administration fees	4,467	5,235
Court fees	2,898	1,025
	982,788	1,187,047
Increase (Decrease) in Estate and Trust Fund balance	203,077	193,736
Estate and Trust Fund balance, opening	2,664,800	2,471,064
Estate and Trust Fund balance, closing	$2,867,877	$2,664,800

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2004

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the Public Trustee Act, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 ACCOUNTING POLICIES

a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.

b) All Estate and Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar ($1).

c) Expenditures for the operation of the Office of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for $94,040 (2003 - $101,512) paid to the Consolidated Revenue Fund as administration fees, management fees, and the transfer of interest earned, are not reflected in these financial statements.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

...cont'd

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30 and October 31 each year, as interest paid to estates and trusts, management fees and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, prescribed management fees and any deficiency between the aggregate amount of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November ! and March 31 which will be distributed on April 30 of the next fiscal year.

NOTE 5 ESTATE AND TRUST FUND

The Estate and Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate and Trust Fund is comprised of the following amounts:

	2004	2003
Common Fund	$2,867,876	$2,664,799
Other assets, at nominal value	1	1
	$2,867,877	$2,664,800

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLDIATED
FINANCIAL STATEMENTS

for the year ended March 31, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2004 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, *the Northwest Territories Power Corporation Act,* and the by-laws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 2, 2004

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). Where GAAP permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation (the Corporation) is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Corporation maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial Crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya

Leon Courneya, FCA
President & CEO

Judith

Judith Goucher, MA
Director, Finance & CFO

Hay River, NT
June 2, 2004

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Statements of Earnings and Retained Earnings
For the years ended March 31
($000's)

	2004	2003
Revenues		
Sale of power (Note 3)	$ 66,019	$ 64,480
Other (Note 4)	2,336	2,229
	68,355	66,709
Expenses		
Salaries and wages	16,409	15,568
Fuels and lubricants	15,550	15,209
Supplies and services	10,822	10,084
Amortization of plant, property & equipment	7,519	6,884
Travel and accommodation	1,880	1,712
	52,180	49,457
Earnings from operations	16,175	17,252
Interest income	467	278
Contract work, net (Note 6)	133	255
Earnings before interest expense	16,775	17,785
Interest expense (Note 7)	9,596	10,060
Net earnings	7,179	7,725
Retained earnings at beginning of year	32,755	29,030
Dividend (Note 8)	(3,500)	(4,000)
Retained earnings at end of year	$ 36,434	$ 32,755

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Cash Flow Statements
For the years ended March 31
($000's)

	2004	2003
Cash flows from operating activities		
Cash receipts from customers	$ 73,725	$ 68,445
Cash paid to suppliers and employees	(48,066)	(43,872)
Interest received	289	1,066
Interest paid	(10,063)	(9,937)
Cash flows from operating activities	15,885	15,702
Cash flows used in investing activities		
Plant, property and equipment constructed or purchased	(11,124)	(8,650)
Proceeds from sale of plant, property and equipment	13	73
Cash flows used in investing activities	(11,111)	(8,577)
Cash flows used in financing activities		
Repayment of long-term debt	(964)	(21,918)
Proceeds from long-term borrowings	-	20,000
Net proceeds from short-term borrowings	997	1,947
Repayment of net lease obligation	(144)	(143)
Sinking fund instalments	(3,008)	(2,744)
Proceeds from sinking fund redemption	-	156
Dividend paid	(4,000)	(4,000)
Cash flows used in financing activities	(7,119)	(6,702)
Net (decrease) increase in cash	(2,345)	423
Cash at beginning of year	573	150
(Bank indebtedness) cash at end of year (Note 14)	$ (1,772)	$ 573

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Balance Sheets
As at March 31
($000's)

	2004	2003
Assets		
Plant, property and equipment (Note 9)		
Plant in service	$ 272,681	$ 265,036
Less accumulated amortization	(70,377)	(65,025)
	202,304	200,011
Construction work in progress	16,767	4,455
	219,071	204,466
Current assets		
Cash	-	573
Accounts receivable	11,152	15,995
Prepaid expenses	1,156	862
Inventories	5,992	6,925
	18,300	24,355
Other assets		
Due from NPC (Note 19)	5,646	5,454
Deferred costs (Note 10)	11,573	8,735
Sinking fund investments (Note 11)	24,082	19,650
	41,301	33,839
	$ 278,672	$ 262,660
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt, net of sinking fund investments (Note 12)	$ 91,106	$ 96,537
Sinking fund investments presented as assets	24,082	19,650
Net lease obligation (Note 13)	1,622	1,740
	116,810	117,927
Current liabilities		
Short-term debt and bank indebtedness (Note 14)	12,772	10,003
Note payable for Bluefish (Note 15)	9,399	-
Accounts payable and accrued liabilities	10,527	10,174
Dividends payable	5,799	6,299
Current portion of long-term debt (Note 12)	999	965
	39,496	27,441
Other liabilities		
Future removal and site restoration provision (Note 16)	37,115	36,170
Deferred revenues and other liabilities (Note 17)	5,688	5,238
	42,803	41,408
Shareholder's equity (Note 18)	79,563	75,884
	$ 278,672	$ 262,660
Commitments and contingencies (Note 19)		

See accompanying notes

Approved on behalf of the Board:

Richard Nerysoo
Chairman of the Board

Louis Sebert
Director

1. Authority and operation

The Corporation is established under the *Northwest Territories Power Corporation Act*. The Corporation is a territorial Crown corporation under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories.

2. Accounting policies

The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB), which administers regulations covering such matters as rates, financing, accounting, construction, operation, and service area. As a result, the regulatory accounting policies adopted by the Corporation may differ from the accounting policies typically followed by unregulated entities. In particular, the timing of the Corporation's recognition of certain assets, liabilities, revenues and expenses may differ from that normally prescribed by Canadian generally accepted accounting principles. Specifically, policies in relation to deferred expenses and other assets and amortization policies are different. A summary of the significant accounting policies follows. The PUB has approved the accounting treatments described.

Rates and regulation (Excluding sales by subsidiaries)

The rates charged to all customers and the Corporation's earnings on a rate of return basis are regulated by the PUB. The PUB sits as often as it considers necessary and is required by the *Public Utilities Act* to review the affairs, earnings and accounts of the Corporation every three years or at any other time.

Consolidation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Corporation and its wholly owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd., operating as NWT Energy Corporation (03) Ltd.

NWT Energy Corporation Ltd., under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. The NWT Energy Corporation (03) Ltd. has two operations: the operation and management of one residual heat project in Fort McPherson and the development of business opportunities outside the regulated business including development of hydroelectric projects.

Revenues

Sale of power, interest, contract and other revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Plant, property and equipment

Plant, property and equipment, excluding those donated to the Corporation, are recorded at original cost and include materials, direct labour and a proportionate share of directly attributable overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Plant, property and equipment donated to the Corporation are recorded at their estimated fair value.

Amortization

Amortization of plant, property and equipment is provided on the straight-line average group useful life basis, at rates which are approved by the PUB, a portion of which is accounted for as a provision for future removal and site restoration costs.

In accordance with utility accounting practices, retirement of these assets is charged to the provision with no gain or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:

	%
Electric power plants	1.16 - 5.25
Transmission and distribution systems	1.09 - 4.66
Electric power plants under capital lease	1.16 - 5.25
Warehouse, equipment, motor vehicles and general facilities	1.76 - 9.76
Other utility assets	2.5 - 20.0
Other	20.0

Inventories

Fuels and lubricants and materials and supplies are valued at average cost.

Deferred costs

The Public Utilities Board (PUB), through its decisions, has approved the use of deferral accounts.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The Rate Stabilization Funds mitigate the impact on utility rates of changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts is deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied, with PUB approval, to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims. The PUB approved $485 to be included in annual expenses for this fund.

Regulatory Costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA). The PUB approved $228 to be included in annual expenses for this fund.

The Normalized Overhaul Costs include costs to overhaul hydro, diesel and natural gas units that occur over the life of these assets. The PUB approved $1,573 to be included in annual expenses for this fund.

Regulated Employee Future Benefits represent benefits accrued under employment agreements since April 1, 2001.

Other deferred costs include the L-199 transmission line costs, financing costs, pending insurance claims costs and other costs. These costs are subject to recovery through insurance, the courts or the customers through PUB decisions. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

The deferred costs noted above are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future.

Sinking fund investments
Securities held in sinking funds are recorded at cost. Interest, dividends and realized gains and losses are included in sinking fund income. Unrealized gains are not recognized. Unrealized losses are recognized only when the decline in value is considered other than a temporary decline in the value of the sinking fund investments.

Future removal and site restoration provision
The provision for future removal and site restoration reflects the estimated cost of decommissioning facilities as well as the related costs of environmental mitigation of the Corporation, net of salvage value. These costs are amortized at rates, which are approved by the PUB, over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information on approval by the PUB.

Deferred revenues
Deferred revenues reflect donations of assets and contributions to aid in the construction and acquisition of plant, property and equipment. Deferred revenues are amortized on the same basis as the related plant, property and equipment, and the resulting credit is offset against the corresponding provision for amortization of plant, property and equipment.

Public Service Superannuation Plan
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are charged to operations on a current basis and represent the total pension obligations. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee future benefits
Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these non-pension benefits has been determined based on management's best estimates and accrued as a liability as employees render service. The expenditures are not currently treated as a charge to operations but will be recoverable in the future. Consequently certain employee future benefit costs have been recorded as a regulated deferred expense.

Measurement uncertainty
To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities.

Actual results may differ from these estimates. Significant estimates include amortization, the future removal and site restoration provision, and the April 1, 2001, allocated assets, liabilities and shareholder's equity to the NWT as a result of division.

New Accounting Recommendations

Asset Retirement Obligations

In March 2003 the CICA issued the new Handbook Section 3110 Asset Retirement Obligations, which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and the normal operation of a long-lived asset, except for certain obligations of lessees. The Corporation already has a liability recorded to recover these costs.

Section 3110 is effective for fiscal years beginning on or after January 1, 2004 and is to be applied retroactively with restatement of prior years. The Corporation is currently evaluating Section 3110 and its implications in a regulated environment.

3. Sale of power – General Rate Application

The Corporation's 2001-2003 General Rate Application is complete. The PUB has approved community-based rates and these rates were implemented in November 2003.

4. Other revenues

	2004	2003
Government funding of pension expenses (Note 5)	$ 931	$ 669
Miscellaneous	547	623
User fees	406	334
Connection fees	207	186
Contract work	174	322
Heat	71	95
	$ 2,336	$ 2,229

5. Pension expense

The Corporation contributes to the Public Service Superannuation Plan at a rate of 2.14 times (2003 – 2.14 times) the employee's contributions. Contributions for pension expense during the year were $1,972 (2003 - $1,924). The Corporation receives funding, recorded as other revenues, from the GNWT of $931 (2003 - $669) to cover part of these pension expenses. This funding was available until March 31, 2004. The Government of the Northwest Territories (GNWT) has agreed to continue funding beyond 2004. The terms of the new contract are being finalized. Should this additional funding cease the Corporation will apply to the PUB to recover these additional costs through rates.

6. Contract work

The Corporation has an agreement with the Nunavut Power Corporation (NPC), to provide engineering services until August 1, 2004. The revenues and expenses to provide services under this agreement are outside of the normal operations of the Corporation and therefore are reflected separately on the income statement. The Corporation's gross revenues from the contract were $720 (2003 - $784) and the associated expenses were $587 (2003 - $529) for net earnings of $133 (2003 - $255). There are no assets or liabilities in the Corporation held solely for the purpose of this contract.

7. Interest expense

	2004	2003
Interest on long-term debt	$ 11,935	$ 11,104
Short-term financing costs	292	245
Sinking fund income	(1,425)	(1,104)
Capitalized allowance for funds used during construction	(1,206)	(185)
	$ 9,596	$ 10,060

8. Dividend

Pursuant to the *Northwest Territories Power Corporation Act*, the Government of the Northwest Territories directed the Corporation to declare a dividend of $3,500 (2003 - $4,000).

9. Plant, property and equipment

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Electric power plants	$ 153,924	$ (44,789)	$ 109,135	$ 107,479
Transmission and distribution systems	62,352	(10,521)	51,831	51,038
Electric power plants under capital lease	26,342	(2,783)	23,559	23,938
Warehouse, equipment, motor vehicles and general facilities	21,533	(7,825)	13,708	13,133
Other utility assets	3,795	(621)	3,174	3,457
Other	4,735	(3,838)	897	966
	272,681	(70,377)	202,304	200,011
Construction work in progress	16,767	-	16,767	4,455
	$ 289,448	$ (70,377)	$ 219,071	$ 204,466

Engineering and other direct overhead expenses capitalized during the year amounted to $1,083 (2003 - $1,136).

10. Deferred costs

	March 31 2004	2004 Costs Deferred and Interest Charged to the Fund	2004 Amortization of Fund Balance	March 31 2003
Snare Cascades Deferral Account	$ 2,494	$ 22	$ (726)	$ 3,198
Rate Stabilization Funds	(549)	1,944	125	(2,618)
Reserve for Injuries and Damages	1,013	393	(485)	1,105
Regulatory Costs	1,156	400	(228)	984
Normalized Overhaul Costs	(468)	1,659	(1,573)	(554)
Regulated Employee Future Benefits	1,069	486	(106)	689
L-199 transmission line costs	4,372	414	-	3,958
Other deferred expenses	2,486	688	(175)	1,973
	$ 11,573	$ 6,006	$ (3,168)	$ 8,735

The rate stabilization funds are comprised of fuel $1,138 (2003 - $534) and water $(1,688) (2003 - $(3,152)).

11. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. As the sinking funds exist to fund the payout of long-term debt, sinking fund income is treated as a reduction of finance charges and is reflected in interest expense.

Cash and short-term investments include cash and fixed income investments with a term to maturity not exceeding one year. All fixed income securities are investment grade credit. The Corporation's sinking fund policy limits investments in equities to 30% of the total sinking fund. Equities are in four funds and are well diversified by sector, issuer, region and liquidity.

The sinking fund agreements require the Corporation to make minimum annual installments. The installments calculated for the next five years are disclosed in Note 12. Fair value information for sinking funds is included in Note 21. The Corporation realized a return of 6.52% (2003 – 6.17%) on the $24,082 (2003 - $19,650) book value of the sinking funds.

	2004		2003	
	Carrying Value	Weighted average effective rate of return (1)	Carrying Value	Weighted average effective rate of return (1)
Fixed Income Securities				
Federal Government guaranteed	$ 6,524	3.80%	$ 4,437	4.00%
Corporate Bonds	6,388	3.80%	4,470	5.30%
Municipal Government guaranteed	2,638	4.90%	1,748	5.70%
Cash and short-term investments	966	2.60%	2,325	3.10%
Provincial Government guaranteed	582	4.50%	1,054	5.30%
Equities				
Canadian	4,838		3,635	
US	1,411		1,406	
International	735		575	
	24,082		$ 19,650	

(1) – Rate calculated on market yield for cash and fixed income securities.

12. Long-term debt

	2004	2003
11% sinking fund debentures, due March 9, 2009	$ 20,000	$ 20,000
10¾% sinking fund debentures, due May 28, 2012	20,000	20,000
6.63% amortizing debenture, due December 18, 2032	19,333	20,000
11⅛% sinking fund debentures, due June 6, 2011	15,000	15,000
6.33% redeemable sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% redeemable sinking fund debentures, due February 27, 2026	8,700	8,700
9.11% debenture series 3, due September 1, 2026, repayable in equal monthly payments of $73.	8,370	8,478
9¾% debenture series 2, due October 1, 2025, repayable in equal monthly payments of $69	7,400	7,494
10% debenture series 1, due May 1, 2025, repayable in equal monthly payments of $70	7,379	7,475
Other	5	5
	116,187	117,152
Less: Current portion	999	965
	115,188	116,187
Less: Sinking fund investments	24,082	19,650
	$ 91,106	$ 96,537

All long-term debt is guaranteed by the GNWT. Certain debentures are redeemable within the specific terms of the debenture.

Principal repayments and estimated sinking fund investment contributions for the next five years:

	2005	2006	2007	2008	2009
Principal Repayments	$ 999	$ 1,032	$ 1,068	$ 1,105	$1,153
Sinking Fund Investment Contributions	$ 2,778	$ 3,001	$ 3,001	$ 3,001	$1,931

13. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is $21,505 (2003 - $21,765). The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWT Energy Corporation Ltd.'s long-term debt issued to finance the loan. It is due July 2026 and is repayable, in equal monthly payments of $195. The loan is secured by a charge against the plant and the lease agreement.

The Corporation has an initial 65-year lease for the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation until 2061. The value of the capital lease obligation is $23,245 (2003 - $23,650).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in plant, property and equipment at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,740 (2003 - $1,885). As a result, in some years there will be a net payment and in other years there will be a net receipt upon consolidation. The net lease obligation payments / (receipts) over the next five years are:

2004	2005	2006	2007	2008
$ 118	$ 90	$ 58	$ 23	$ (15)

The current portion of the net lease obligation is $118 (2003 - $145) and is recorded in accounts payable.

14. Short–term debt and bank indebtedness

		2004		2003
Bankers' acceptance and shareholder's advance	$	11,000	$	10,000
Bank overdraft		1,772		3
	$	12,772	$	10,003

The interest rate charged on bank overdrafts is prime. The short-term debt outstanding at year-end had a weighted average 74 day term (2003 – 55 day term) and a 2.38% (2003 – 3.30%) weighted average annual interest rate. The Corporation has a $15 million unsecured line of credit with its bank and also has access on occasion to short term funds from its shareholder.

15. Bluefish Purchase Agreement

The Corporation purchased the Bluefish Hydroelectric Generating Station ("Bluefish") effective April 4, 2003 from Miramar Con Mine. The essential elements of the Purchase Agreement are: a $10 million note payable December 31, 2004, specified energy and demand power credits for Miramar Con Mine until December 31, 2009, assumption of all future removal and site restoration costs for the Bluefish Station, and assumption of operating costs until December 31, 2004. The Corporation intends to convert the $10 million note payable to long term debt in 2005. The specified energy and demand power credits work as follows: from April 4, 2003 to December 31, 2004 Miramar will receive as much energy from Bluefish at zero cost ("power credits") as Bluefish would have produced when Miramar owned the hydro facility. Miramar also gets demand credits of 7,200 kVa per month in each of the two fiscal years in this period. From January 1, 2005 until December 31, 2009 Miramar will receive 5 GWh of energy at zero cost each fiscal year and demand credits of 1,500 KVa per month. The purchase considerations and acquisition of the facility has been reviewed and approved by the PUB.

16. Future removal and site restoration provision

The provision for the year, included in amortization of plant, property and equipment is $1,427 (2003 - $1,401) and the amount spent is $482 (2003 - $630).

17. Deferred revenues and other liabilities

		2004		2003
Donations in aid of construction	$	3,666	$	3,803
Employee future benefits		2,022		1,435
	$	5,688	$	5,238

18. Shareholder's equity

	2004	2003
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	$ 43,129	$ 43,129
Retained earnings at end of year	36,434	32,755
	$ 79,563	$ 75,884

19. Commitments and contingencies

Capital projects
The estimated cost to complete capital projects in progress, as at March 31, 2004, was $14,029 (2003 - $7,199).

Operating leases
The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2005	2006	2007	2008	2009	2010-2030	Total
$ 293	$ 141	$ 113	$ 46	$ 14	$ 22	**$ 629**

Supply contracts
The Corporation has contracts to purchase refined oil products based on market prices at time of delivery. These contracts end in 2005 and 2006 and reflect various minimum quantity purchase commitments totalling 40.4 million litres in this two year period, consistent with the Corporation's operational requirements.

Natural gas purchase commitment
The Corporation has an agreement to purchase natural gas to produce electricity in Inuvik. The minimum obligation is to purchase 5,622,900m^3 of natural gas per annum until July 2014, consistent with the Corporation's operational requirements. The price is calculated annually on August 1 and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Litigation
The Corporation has been named as a defendant in five lawsuits. Two actions relate to wrongful dismissal cases. The Corporation has been named as a co-defendant in the third action as a result of the Corporation managing a project for the Nunavut Power Corporation (NPC) through the NPC engineering contract. The fourth action names the Corporation as a co-defendant in a lawsuit involving allegations of negligence and breaches of duty arising out of a snowmobile accident. The total liquidated amount of these claims ranges from $123 to $355, exclusive of costs and interest. The fifth action names the Corporation as a co-defendant with the GNWT and the Federal Government in a claim for $45,000 related to the construction of the hydro system on the Taltson River in 1965. It is management's estimate that no significant loss to the Corporation will result from any of these five claims. In the event that any of these claims are not settled in favour of the Corporation, the Corporation has insurance which may cover all or a portion of the settlement cost.

Division

All corporate operations within the Nunavut Territory were taken over by the NPC on April 1, 2001. The allocation of the Corporation's assets, liabilities and shareholder's equity between its Nunavut operations to NPC and its Northwest Territories operations to the Corporation was governed by two agreements, a due diligence process and approval by the Corporation, GNWT, NPC and the Government of Nunavut. As at the date these financial statements were completed the allocation of assets, liabilities and shareholder's equity as at March 31, 2001, was agreed to by the four parties, with the exception of the allocation of some of the short term debt. The parties are currently undergoing arbitration to resolve the dispute. The allocations of assets, liabilities and shareholder's equity as at March 31, 2001 were determined based on management's best estimate using the approach set out in the agreements. As a result of the arbitration, any adjustments with an income statement impact that may be required to this estimate will be adjusted through retained earnings.

20. Related party transactions

The Corporation is a territorial Crown corporation and consequently is related to the GNWT and its agencies and corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are as follows:

	2004	2003
Sale of power and other	$ 20,138	$ 18,992
Purchase of fuel from government	1,469	1,268
Fuel tax paid to government	776	761
Other purchases and payments	510	983
Balances at year end:		
Accounts receivable	2,226	2,226
Accounts payable	1,071	626
Promissory note (included in short-term debt)	8,000	4,000
Dividend payable to the GNWT	3,500	4,000

21. Financial instruments

	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 116,186	$ 148,107	$ 117,152	$ 143,690
Net lease obligation	1,740	4,041	1,885	3,325
Sinking fund investments	24,082	24,625	19,650	18,600

The fair values of cash, other current accounts receivable and payable, Due from NPC, note payable for Bluefish and short-term debt approximate the carrying amounts of these instruments due to the short period to maturity.

The fair values for the long-term debt and net lease obligation are determined using market prices for similar instruments.

The fair value of the sinking fund investments is determined using market prices.

GOVERNMENT OF THE NORTHWEST TERRITORIES

PETROLEUM PRODUCTS REVOLVING FUND

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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CHARTERED
ACCOUNTANTS
MacKay LLP

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Yellowknife, NT X1A 2N5
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Auditors' Report

To the Minister of
Public Works and Services

We have audited the balance sheet of the Revolving Fund of the Government of the Northwest Territories – Public Works and Services Petroleum Products as at March 31, 2004, the statement of operations and surplus, and statement of amount due to the Government of the Northwest Territories for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2004, and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, we report that in our opinion their principles have been applied on a basis consistent with that of the preceding year.

Mackay LLP

Chartered Accountants

Yellowknife, Northwest Territories
May 14, 2004

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GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Balance Sheet

As at March 31, (thousands of dollars)		2004		2003
Assets:				
Current				
Accounts receivable (Note 3)	$	3,769	$	3,426
Inventories (Note 4)		3,863		4,874
	$	7,632	$	8,300
Liabilities:				
Current				
Accounts payable and accrued liabilities	$	1,772	$	2,139
Employee leave and termination benefits		64		34
		1,836		2,173
Long-Term				
Employee termination benefits		49		54
Due to the Government of the Northwest Territories		5,747		6,073
		5,796		6,127
	$	7,632	$	8,300

Commitments and contingencies (Note 9).

The accompanying notes are an integral part of the financial statements.

Approved by management:

Mike Aumond
Director

Shirley Kwong
Comptroller

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Statement of Operations

For the Year Ended March 31, (thousands of dollars)	**2004**	**2003** Restated (Note 10)
Revenue		
Sale of petroleum products (Note 5)	$ 13,807	$ 12,444
Cost of goods sold	9,997	8,822
Gross profit	3,810	3,622
Rent and other revenue	50	169
	3,860	3,791
Expenses		
Commissions	1,488	1,369
Salaries, wages and employee benefits	1,212	874
Purchased services	547	510
Material, supplies and utilities	237	249
Travel	204	150
Insurance	36	99
Miscellaneous	134	85
	3,858	3,336
Net Profit (Loss) from operations before the following	2	455
Financial Charges (Note 6)	(231)	(225)
Tangible capital assets - Rent expenses (Note 6)	(729)	(761)
Grant-in-kind - Government assets Provided at no cost	960	986
Net Profit	$ **2**	$ **455**

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Statement of Amount Due to the Government of the Northwest Territories

For the Year Ended March 31, (thousands of dollars)		**2004**		**2003**
Balance, beginning of year	$	6,073	$	7,009
Plus:				
Payments Made by the Government				
Purchases of petroleum products		9,291		7,385
Other cash disbursements		3,895		3,254
Income from operations		2		455
Less:				
Transfers to the Government				
Cash receipts		13,514		12,030
Balance, end of the year	$	5,747	$	6,073

The accompanying notes are an integral part of the financial statements.

Petroleum Products Revolving Fund

Notes to the Financial Statements

As at March 31, 2004

1. **Authority and Operations**

The Petroleum Products Revolving Fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Northwest Territories Financial Administration Act*. The Petroleum Products Division (PPD) of the Department of Public Works and Services of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is $55 million.

The fund is exempt from income tax.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed $5,000,000 at the end of any fiscal year. The balance in the stabilization Fund at March 31, 2004 is a surplus of $456,211.

	2004	2003
Surplus (Deficit) at beginning of year	$ 454	$ (4,191)
Net Profit (Net Loss)	2	454
Write off of Stabilization Fund Deficit	0	4,191
Surplus (Deficit) at ending of year	$ 456	$ 454

2. **Significant Accounting Policies**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses during the year. Actual results could differ from those estimates. A summary of significant accounting policies of the Fund are as follows:

a. **Revenue Recognition**

Revenue is recognized when fuel is dispensed or delivered.

b. **Inventories**

Inventories are valued at the lower of weighted average cost and net realizable value.

c. **Services Provided Without Charge**

Environmental Restoration Costs

The Fund does not record any future environmental restoration costs.

Other Services Provided Without Charge

Other than an annual administration fee of $58,000 charged by Public Works and Services and service charges of $28,000 charged by Technology Service Centre, following existing practice, the Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel and internal audit services, as it is difficult to estimate them.

d. **Pensions**

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at rate of 2.14 times that of the employees. These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

e. **Employee Leave and Termination Benefits**
Under the terms and conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs. The estimated liability for these benefits is recorded as the benefits are earned by the employees.

3. Accounts Receivable

(thousands of dollars)	Mar-31 2004	Mar-31 2003
Commercial/Private	$ 1,484	$ 1,426
Territorial Municipalities & Housing Associations	1,075	1,033
Government of the Northwest Territories:		
Departments and Agencies	599	604
Northwest Territories Power Corporation	670	419
	1,269	1,023
Government of Canada	51	51
	3,879	3,533
Less: Allowance for Doubtful Accounts	(110)	(107)
	$ 3,769	$ 3,426

4. Inventories

(thousands of dollars)	Mar-31 2004	Mar-31 2003
Heating fuel	$ 2,589	$ 3,461
Gasoline	1,125	1,361
Other fuel	149	52
	$ 3,863	$ 4,874

5. Sale of Petroleum Products

(thousands of dollars)	2004	2003
Commercial/Private	$ 5,516	$ 4,864
Territorial Municipalities & Housing Associations	2,910	2,622
Government of the Northwest Territories:		
Northwest Territories Power Corporation	1,474	1,350
Departments and Agencies	1,644	1,474
Wholesale Revenue	2,062	1,958
Government of Canada	201	176
	$ 13,807	$ 12,444

6. Expenses Off-Set with Grant-in-Kind

a. Capital Assets - Rent Expenses

Tangible Capital Assets (TCA), i.e. tank farms and fuel delivery vehicles, are owned by the Government. TCA are amortized over the estimated useful life of the assets at the following rates:

Fuel Storage Facilities	30 years straight line, no salvage
Fuel Delivery Vehicles	10 years straight line, no salvage

(thousands of dollars)	Cost	Accumulated Amortization	Mar-31 2004 Net Book Value	Mar-31 2003 Net Book Value
Fuel Storage Facilities	$ 19,423	$ 9,519	$ 9,904	$ 11,254
Fuel Delivery Vehicles	2,526	1,559	967	911
Construction in progress	1,370		1,370	363
	$ 23,319	$ 11,078	$ 12,241	$ 12,528

b. Financing Charges

Management estimated that the Fund required up to $11 million in working capital with an estimated financing cost of $231,352 for the year. (For 2002/2003 they were $11 million and $225,741 respectively.) The financing cost is based upon the average monthly balance due to the Government at an average interest rate for the Government of 2.95% p.a.

7. Fair Value of Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of the fair value due to the relatively short period to maturity of the financial instruments. The fair value of the amount due to the Government cannot be readily determined.

8. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation ("NTPC"). In accordance with an agreement with the Government, NTPC is charged the landed cost to purchase and deliver petroleum products to its facilities in the communities, such as Lutsel Ke, Wha Ti, Tulita, Paulatuk and Holman, in the Northwest Territories.

9. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government has a contract for the supply and delivery of bulk petroleum products, by barge, with the Northern Transportation Company Limited. The renewed contract expires at the termination of the 2004 summer resupply. The Government also entered into a two-year contract for the supply and delivery of bulk petroleum products, by tanker truck, for furtherance to the communities serviced by winter/ice roads with Bassett Petroleum Distributors Ltd. This contract is scheduled to terminate in April 2006.

b. Community Fuel Delivery Contracts

The Government provides local fuel delivery services in 15 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Nine contracts will expire in the fiscal year ending 2005, two in 2006 and four in 2008. Under these contracts, fixed commission rates are paid. The value of this commitment is estimated at $2,790,000 as per the detailed listing below.

Commitment				
2005	2006	2007	2008	Total
$1,291,000	$693,000	$550,000	$256,000	$2,790,000

Historically the government pays $1.3 million in commissions to local contractors in the 15 communities that the government serves.

c. Environmental Site Assessment

The Government has completed comprehensive environmental site assessments at each of its bulk fuel storage pipeline distribution systems. Each facility was the subject of code compliance audit, soil and groundwater testing, delineation of known areas of contamination and the preparation of recommendations for remedial action on a site by site basis. The assessments confirm that hydrocarbon contamination is present at all sites. The level of contamination however differs for each site.

There have been nine Phase III Assessments and one Risk Assessment completed to date. The estimate cost to remediate all contaminated sites is estimated to be in the range between $5,350,000 and $8,132,500. This value is based upon the most recent experience of PPD and others who have undertaken similar environmental remediation projects. While PPD expects remediation costs to come within the estimated range, cost certainty cannot be obtained until remediation has commenced and the scope of work or the level of contamination has been confirmed. The value of said liabilities can also change with the identification of new areas of contamination and the completion of site remedia

In 2003/04 the Fund expended the following on Environmental Site Remediation:

Rae Lakes	Alternate Site outside of fenced area	$	19,000
Trout Lake	Spill in front of dispenser		2,000
Tulita	Outside of fenced area		79,000
Sachs Harbour	Beach Area - Part 1		24,000
Sachs Harbour	Resupply Pipeline Vault "B"		10,000
Paulatuk	Airport Site		2,000
Total		$	136,000

10. Change in Accounting Policy

In previous years, the fair value of the interest expense from the advances to the Fund and the Funds' use of assets owned by the GNWT were not recorded in the financial statements. The policy has been changed to record the amounts estimated to be the value of the financing charges and the use of assets. This policy has be applied retroactively.
The net effect of the change on net profit (loss) for both March 31, 2004 and March 31, 2003 is nil.

The accounting policy change results in an increase in revenue - grants in kind of $960,000 (2003 - $986,000) and of financing and rent expenses of $231,000 and $729,000 respectively (2003 - $225,000 and $761,000).

NORTHWEST TERRITORIES LIQUOR COMMISSION

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2004

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Northwest
Territories Liquor Commission

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

RBoden

R.J. Courtoreille
General Manager

Ruth Boden
Manager, Finance & Administration

May 7, 2004

Suite 201, 31 Capital Drive, Hay River, NT Canada X0E 1G2 Telephone 867-874-2100 Fax 867-874-2180

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2004 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 7, 2004

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 2004, with comparative figures for 2003

	2004 ($000's)	2003 ($000's)
Assets		
Current assets:		
Cash	$ 4,639	$ 3,938
Accounts receivable	–	75
Due from Nunavut Liquor Commission	23	25
Inventories (note 3)	2,848	2,308
Prepaid expenses	20	12
	7,530	6,358
Capital assets (note 4)	43	52
	$ 7,573	$ 6,410
Liabilities		
Current liabilities:		
Accounts payable	$ 2,071	$ 1,693
Due to the Government of the Northwest Territories (note 7)	5,434	4,667
	7,505	6,360
Employee future benefits (note 5)	68	50
Commitments (note 9)		
	$ 7,573	$ 6,410

See accompanying notes to financial statements.

Approved by Management:

R.J. Courtoreille
General Manager

RBoden

Ruth Boden
Manager, Finance & Administration

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 2004, with comparative figures for 2003

	2004 ($000's)	2003 ($000's)
Sales:		
Beer	$ 17,153	$ 16,801
Spirits	14,317	14,418
Wine	3,879	3,364
Coolers and ciders	1,328	1,377
	36,677	35,960
Cost of goods sold:		
Beer	7,406	7,365
Spirits	4,114	4,299
Wine	1,656	1,399
Coolers and ciders	584	615
	13,760	13,678
Gross profit on sales	22,917	22,282
Other income:		
License fees and permits	535	567
Import fees and other income	291	248
	826	815
	23,743	23,097
Expenses:		
Commissions to agents	2,302	2,256
Salaries, wages and employee benefits	950	908
Administration	328	352
Travel	153	108
Rent	59	57
Inspectors' fees	45	48
Amortization of capital assets	18	14
Board member honoraria	72	38
	3,927	3,781
Net income	$ 19,816	$ 19,316

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 2004, with comparative figures for 2003

		2004		2003
		($000's)		($000's)
Balance, beginning of year	$	4,667	$	2,978
Net income		19,816		19,316
Salaries, wages and benefits incurred by the Government		958		964
		25,441		23,258
Net transfer of funds to the Government		20,007		18,591
Balance, end of year	$	5,434	$	4,667

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 2004, with comparative figures for 2003

	2004 ($000's)	2003 ($000's)
Cash flows from operating activities:		
Cash received from customers	$ 37,581	$ 36,687
Cash paid to suppliers	(16,864)	(16,504)
Net cash provided by operating activities	20,717	20,183
Cash flows from investing activities:		
Purchase of capital assets	(9)	(20)
Net cash used in investing activities	(9)	(20)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(20,007)	(18,591)
Net cash used in financing activities	(20,007)	(18,591)
Increase in cash	701	1,572
Cash, beginning of year	3,938	2,366
Cash, end of year	$ 4,639	$ 3,938

See accompanying notes to financial statements.

1. **Authority and operations:**

The Northwest Territories Liquor Commission (the "Commission") is established under Part II of the *Liquor Act* (the "*Liquor Act*"). It is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding $6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the *Liquor Act*.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories (note 6).

The Commission is non-taxable under the Income Tax Act, Canada.

2. **Significant accounting policies:**

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital assets:

Capital assets are stated at amortized cost. Amortization is provided on cost less estimated salvage value using the straight-line basis, at the following annual rates:

Asset	Rate
Computer equipment	33%
Recycling equipment	10%
Furniture and fixtures	20%

Computer equipment includes hardware and software.

2. Significant accounting policies, continued:

(c) Pension benefits:

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(d) Severance benefits:

The Commission is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Commission. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Commission recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Use of estimates:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The preparation of accrual financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and contingencies during the reporting period. Actual results could differ significantly from those estimated. The most significant items where estimates are used are employee severance liabilities, bottle returns and amortization of capital assets.

3. Inventories:

		2004		2003
		($000's)		($000's)
Spirits	$	1,237	$	1,028
Wine		496		367
Beer		954		773
Coolers and ciders		161		140
	$	2,848	$	2,308

4. Capital assets:

						2004		2003
		Cost		Accumulated amortization		Net book value		Net book value
		($000's)		($000's)		($000's)		($000's)
Computer equipment	$	493	$	475	$	18	$	30
Recycling equipment		150		135		15		15
Furniture and fixtures		41		31		10		7
	$	684	$	641	$	43	$	52

5. Employee future benefits:

Pension benefit:

During the year the Public Service Superannuation Plan ("PSSA") required the Commission to contribute to the PSSA at a rate of 2.14 times the employees' contributions. The Commission contributed $79,710 to the PSSA during the year (2003 – $81,000).

6. Operations of the Liquor Licensing Board of the Northwest Territories:

The operations of the Liquor Licensing Board of the Northwest Territories ("the LLB") are as follows:

	2004	2003
Revenues:		
Licensee fees	$ 450	$ 483
Special occasion licenses	48	48
Annual license fees	36	34
Other	15	22
	549	587
Expenses:		
Salaries, wages and benefits	283	267
Honoraria	72	38
Other	249	198
	604	503
Net revenues over expenses (expenses over revenues)	$ (55)	$ 84

The operations of the LLB are administered by the Commission. The net income (loss) generated in the year represents amounts due to (from) the Government of the Northwest Territories. The LLB does not have separate banking facilities apart from the Commission.

7. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. At year-end, no material accounts receivable and accounts payable balances remained relating to these transactions.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be $29,050 (2003 – $39,110) for legal services provided by the Department of Justice, and $10,355 (2003 - $9,355) for payroll services provided by the Financial Management Board Secretariat.

8. Service agreement:

The Commission provides various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board. It received $131,000 (2003 – $136,000) in fees for the services rendered. This amount is included in import fees and other income on the statement of income.

9. Commitments:

The Commission has a five year lease agreement ending August 31, 2005 for its office premises and has office equipment under operating leases through to 2007. The minimum annual lease payments are:

		($000's)
Year ending March 31:		
2005	$	56
2006		27
2007		5
	$	88

Annual lease payments for the office premises include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

10. Fair value of financial assets and financial liabilities:

The fair value of the Commission's cash, accounts receivable, due from Nunavut Liquor Commission, accounts payable and amount due to the Government of the Northwest Territories approximates their carrying amounts due to their short-term nature.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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Northwest
Territories Legislative Assembly

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Legislative Assembly Retiring Allowance Fund

Management has prepared the accompanying financial statements, and is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian generally accepted accounting principles. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriation of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management

Chair

Secretary

April 21, 2004

Yellowknife, Northwest Territories, Canada X1A 2L9/Fax (403) 920-4735/Telephone (403) 669-2200

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AVERY, COOPER & CO.
Certified General Accountants

Gerald F. Avery, FCGA
Douglas E. Cooper, FCGA
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AUDITORS' REPORT

To the Board of Management
Legislative Assembly Retiring Allowance Fund

We have audited the Statement of Net Assets Available for Benefits of the Legislative Assembly Retiring Allowance Fund as at March 31, 2004, the Statement of Changes in Net Assets Available for Benefits for the year then ended and the Statement of Obligations for Pension Benefits as at March 31, 2004. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects the Net Assets Available for Benefits as at March 31, 2004 and the changes in its Net Assets Available for Benefits for the year then ended in accordance with the basis of accounting as disclosed in Note 2 to the financial statements.

Avery, Cooper & Co.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, NT

April 21, 2004

msi LEGAL & ACCOUNTING NETWORK WORLDWIDE AVERY COOPER IS A MEMBER OF MSI, A NETWORK OF INDEPENDENT PROFESSIONAL FIRMS

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LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NET ASSETS AVAILABLE FOR BENEFITS

March 31, 2004

	2004	2003
ASSETS		
CURRENT		
Accounts Receivable	$ 14,200	$ 18,783
Accrued Investment Income	31,460	3,623
	45,660	22,406
INVESTMENTS		
Retiring Allowance Fund (Notes 2 and 3)	17,181,028	14,726,166
	$ 17,226,688	$ 14,748,572
LIABILITIES		
CURRENT		
Accounts Payable	$ 24,197	$ 39,054
FUND BALANCE		
RETIRING ALLOWANCE FUND BALANCE		
Net Assets Available for Benefits per page 2	17,202,491	14,709,518
	$ 17,226,688	$ 14,748,572

APPROVED:

____________________________ Director

____________________________ Director

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2004

	2004	2003
INCREASE (DECREASE) IN ASSETS		
Contributions	$ 172,483	$ 195,215
Interest and Dividends	588,464	808,242
	760,947	1,003,457
Current Period Change in Fair Market Value of Investments	2,689,165	(2,542,765)
Total Increase (Decrease) in Assets	3,450,112	(1,539,308)
DECREASE IN ASSETS		
Benefits		
Pension Payments	464,474	433,006
Termination Payments	394,168	-
Administrative		
Actuary Fees	98,497	94,213
Total Decrease in Assets	957,139	527,219
INCREASE (DECREASE) IN NET ASSETS	2,492,973	(2,066,527)
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	14,709,518	16,776,045
- END OF YEAR	$ 17,202,491	$ 14,709,518

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF OBLIGATIONS FOR PENSON BENEFITS

March 31, 2004

	2004	2003
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	$ 3,299,000	$ 2,946,000
Pensioners	8,425,000	8,092,000
Total Ongoing Plan Liabilities (Note 4)	11,724,000	11,038,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets Available for Benefits	17,563,000	17,831,000
Changes not reflected in actuarial value of net assets	(360,509)	(3,121,482)
Adjusted Actuarial Value of Net Assets Available For Benefits (page 2)	17,202,491	14,709,518
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS	$ 5,478,491	$ 3,671,518

See the accompanying notes.

NOTE 1 DESCRIPTION OF PLAN

a) General

The fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held. The next actuarial valuation will be under taken in May 2004, for the general election that was held in November 2003. (See Note 4).

In accordance with the Trust agreement, Plan members are required to contribute 6.5% of their salary and per diem allowances to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

NOTE 1 DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

A retirement pension is payable to a member, based on 2% of the average earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 69.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan nor the benefit security of individual plan members.

b) Contributions are recognized in the accounts on an accrual basis based on earnings as reported by the members' employers.

c) Pension and termination benefits are shown as expenditures in the year of payment.

d) Investments for the Legislative Assembly Retiring Allowance Fund are stated at fair market value.

e) Prior year's figures have been restated, where applicable, to conform to current year's presentation.

f) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2004

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	2004	%	2003	%
Funds Managed by Investment Counsellors				
Cash and Cash Equivalents	$ 1,381	0.01	$ 1	-
UBS Canadian Equity Capital Fund Series A (Cost $1,817,726; 2003-$4,039,248)	2,282,392	13.28	3,873,251	26.3
McLean Budden Equity Funds (Cost $3,180,198; 2003-zero)	3,703,560	21.56	-	-
UBS US Equity Fund Series A (Cost $1,126,268; 2003 - 2,468,373)	1,008,216	5.87	1,844,597	12.5
UBS International Equity Funds Series A (Cost $1,126,268; zero: 2003 $4,613,881)	-	-	1,791,601	12.2
Temporary Investments (Cost $402,951 ; 2003-$1,114,977)	402,951	2.35	1,114,977	7.6
NWT Legislative Assembly Building Society Series A Bonds (Cost $323,205; 2003 - $353,236)	338,694	1.97	356,059	2.4
Canada Fixed Income Mutual Funds (Cost $3,859,214; 2003 - $5,856,949)	3,838,761	2.34	5,745,680	39
Government of Canada Bonds (Cost $2,841,419; 2003 - zero)	3,142,167	8.29	-	-
McLean Budden Canadian Equity Value Fund (Cost $2,078,068; 2003 - zero)	2,462,906	4.34	-	-
Total at Fair Market Value	$ 17,181,028	100	$ 14,726,166	100

NOTE 4 OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The most recent actuarial valuation was made as of April 1, 2002 by Hewitt Associates, a firm of consulting actuaries. This actuarial valuation report was prepared to March 31, 2003 using the projected accrued benefit actuarial cost method (also known as the projected unit credit method), prorated on service. The report was prepared in accordance with accepted actuarial practice and in accordance with Section PS3250 of the CICA Public Sector Accounting and Auditing Handbook.

The principal components of changes in actuarial present values during the year were as follows:

	2004	2003
Actuarial present value of accrued pension benefits - beginning of year	$ 11,038,000	$ 10,387,000
Cost of benefits earned	437,000	437,000
Interest accrued on benefits	784,000	743,000
Experience gains and losses	-	(97,000)
Benefits paid	(535,000)	(432,000)
Actuarial present value of accrued pension benefits - end of year	$ 11,724,000	$ 11,038,000

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long term actuarial assumptions used in the market valuation were:

	2004	2003
Valuation Interest Rate (net of expenses)	7.0%	7.0%
Salary Projection Rate	5.0%	5.0%
Interest Credited on Contributions	7.0%	7.0%
Inflation Rate	4.0%	4.0%

The actuarial value of net assets available for benefits was determined based on market value on January 31, 2003. The actuarial value of assets is equal to a smoothed market value which spreads the difference between actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension fund.

NOTE 5 FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, marketable securities, long-term investments, accounts receivable and accounts payable. It is managements' opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying value.

WORKERS' COMPENSATION BOARD

(NORTHWEST TERRITORIES AND NUNAVUT)

FINANCIAL STATEMENTS

for the year ended December 31, 2003

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WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this Annual Report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and have been approved by the Governance Council. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

Management has developed, and maintains, books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Northwest Territories and Nunavut Workers' Compensation Acts and regulations, the Northwest Territories and Nunavut Financial Administration Acts and regulations, and policies of the Board. The Governance Council ensures that management fulfils its responsibilities for financial reporting, internal control and safeguarding assets.

The Governance Council oversees management's responsibilities for financial reporting, and reviews and approves the financial statements. The Auditor General of Canada annually provides an independent, objective audit of the financial statements for the purpose of expressing her opinion on these financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all material respects, in accordance with the specified legislation.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of the actuarial valuation of the future benefits liability of the Workers' Compensation Board.

David Clark,
President

John Doyle,
Chief Financial Officer

March 26, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Ministers of the Workers' Compensation Board
of the Northwest Territories and Nunavut

I have audited the balance sheet of the Workers' Compensation Board of the Northwest Territories and Nunavut as at December 31, 2003 and the statements of operations, reserves and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Northwest Territories and Nunavut Financial Administration Acts, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Board and the financial statements are in agreement therewith. In addition, the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the Northwest Territories and Nunavut Financial Administration Acts and regulations and the Northwest Territories and Nunavut Workers' Compensation Acts and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 26, 2004

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WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
BALANCE SHEET
as at December 31, 2003
(in thousands of dollars)

	2003 $	2002 $
ASSETS		
Current		
Cash and cash equivalents *(Note 3a)*	**7,219**	6,354
Accrued interest receivable	**475**	623
Assessments receivable	**1,494**	2,077
Prepaid expenses	**75**	131
Other receivables	**50**	39
	9,313	9,224
Investments *(Note 3b)*	**244,112**	249,663
Capital assets *(Note 4)*	**4,790**	4,698
	258,215	263,585
LIABILITIES AND RESERVES		
Current liabilities		
Accounts payable and accrued liabilities	**2,833**	3,402
Assessments refundable	**475**	692
Obligation under capital lease, current portion *(Note 5a)*	**273**	252
	3,581	4,346
Benefits liability *(Note 7)*	**210,142**	205,541
Obligation under capital lease *(Note 5a)*	**1,887**	2,160
	215,610	212,047
Reserves		
Operating reserve	**5,477**	10,010
Rate subsidy reserve	**17,000**	22,000
Safety reserve	**178**	178
Catastrophe reserve	**19,950**	19,350
	42,605	51,538
	258,215	263,585

CONTINGENCIES *(Note 9)*

Approved by the Governance Council

Chairperson, Finance and Audit Committee

Chairperson, Governance Council

See accompanying notes and schedule.

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WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF OPERATIONS
For the year ended December 31, 2003
(in thousands of dollars)

	2003 **$**	2002 $
REVENUE		
Assessments	**23,126**	20,079
Investment revenue *(Note 3c)*	**12,230**	13,936
Recoveries	**526**	873
	35,882	34,888
EXPENSES		
Cost of claims, current year *(Note 7)*	**21,729**	25,263
Cost of claims, prior years *(Note 7)*	**8,319**	6,486
	30,048	31,749
Administration and general expenses *(Schedule)*	**14,767**	13,156
	44,815	44,905
Loss from operations	**(8,933)**	(10,017)

See accompanying notes and schedule.

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF RESERVES

For the year ended December 31, 2003
(in thousands of dollars)

	2003 $	2002 $
Operating reserve *(Note 8a)*		
Balance, beginning of year	**10,010**	42,372
Loss from operations	**(8,933)**	(10,017)
Transfer from (to) Rate Subsidy reserve	**5,000**	(22,000)
Transfer to Catastrophe reserve	**(600)**	(345)
Balance, end of year	**5,477**	10,010
Rate subsidy reserve *(Note 8b)*		
Balance, beginning of year	**22,000**	-
Transfer from (to) Operating reserve	**(5,000)**	22,000
Balance, end of year	**17,000**	22,000
Safety reserve		
Balance, beginning of year	**178**	178
Balance, end of year	**178**	178
Catastrophe reserve *(Note 8c)*		
Balance, beginning of year	**19,350**	19,005
Transfer from Operating reserve	**600**	345
Balance, end of year	**19,950**	19,350

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF CASH FLOWS

For the year ended December 31, 2003
(in thousands of dollars)

	2003 **$**	2002 $
OPERATING ACTIVITIES		
Cash received from:		
Employers for assessments	**23,917**	20,664
Investment revenue on short term investments	**104**	98
Cash paid to:		
Claimants or third parties on their behalf	**(25,750)**	(24,297)
Suppliers for administration and other goods and services	**(14,308)**	(12,119)
Cash used in operating activities	**(16,037)**	(15,654)
INVESTING ACTIVITIES		
Transfers from investment managers	**17,824**	19,336
Purchases of capital assets	**(922)**	(1,149)
Cash provided by investing activities	**16,902**	18,187
Increase in cash and cash equivalents	**865**	2,533
Cash and cash equivalents, beginning of year	**6,354**	3,821
Cash and cash equivalents, end of year	**7,219**	6,354

Note 1 Authority, Mandate and Operations

The Workers' Compensation Board (the Board) was established by, and is responsible for the administration of the *Workers' Compensation Act*. Effective April 16, 1996, the Board also assumed responsibility for safety enforcement under the *Mine Health and Safety Act*, the *Safety Act* and the *Explosives Use Act*. Effective April 1, 1999, the Board also assumed responsibility for the administration and enforcement of the *Workers' Compensation Act*, the *Mine Health and Safety Act*, the *Safety Act* and the *Explosives Use Act* for the Government of Nunavut.

The mandate of the Board is to provide compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll. In addition, the mandate of the Board includes accident prevention. The NWT Operations and Nunavut Operations divisions are responsible for developing safety awareness and for monitoring safety in the workplace.

The *Nunavut Act* created the Nunavut Territory effective April 1, 1999, resulting in the division of the Northwest Territories. The Government of the Northwest Territories and the Government of Nunavut have signed an Inter-Governmental Agreement for a shared Workers' Compensation Board to allow the Board to remain as a single entity serving both territories. Cancellation of this agreement by either party requires one full fiscal year's notice.

Note 2 Significant Accounting Policies

a) Investments

Equity investments are valued using a moving average market value method. Gains and losses that arise on the sale of equity investments or that arise as a result of changes in the market value of those investments are amortized over a five-year period.

Fixed term investments are recorded at cost at the time of purchase. The realized gain or loss on the sale of an investment is amortized over the remaining period to maturity of the investment, based on the average period for these securities disposed of during the year. For pooled funds, the amortization period is five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

The Board's international investment manager uses derivative financial instruments to manage operating exposure to foreign exchange fluctuations. These contracts are carried on a fair value basis. Premiums paid or received on these instruments are treated as revenue at the time of purchase. Net receipts or payments are recognized in income on an accrual basis in the same period and the same financial statement category to which the contract is related.

A decline in market value of an entire portfolio which is considered other than temporary is recognized immediately.

b) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives under the straight-line method as follows:

Furnishings	10 years
Equipment, including application software	5 years
Leasehold improvements and office space (leased)	over the term of the lease
Computer systems software developed for WCB	8 years

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

c) Administration and General Expenses

A portion of administration and general expenses is allocated as claims management costs between current year's claims and prior years' claims. The amount allocated to prior years' claims is based on actuarially determined rates applied to the amount of claims payments for prior year injuries. The amount allocated to current year's claims is based on a proportion of total administration costs, less the amount allocated to prior years' claims.

d) Benefits Liability

The benefits liability is estimated annually using an actuarial valuation and is comprised of:

i. the future pension liability which represents the present value of future payments in respect of approved pension awards;

ii. the future claims liability which represents the present value of future payments in respect of medical aid benefits, compensation payments and the capitalized value of future pension awards for all claims arising from accidents occurring prior to the end of the fiscal year; and

iii. provision for claims management expenses, at 35% of the future claims liability, 9% of the future pension liability, and 21% for the Hunters and Trappers benefits liability.

Many assumptions are required in the calculation of the liability, including estimates of future inflation, interest rates and mortality rates. The amount of liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3.5% per annum. Actual claims expenses are not predictable with certainty and, accordingly, may vary from the actuarial valuation of the liability.

The benefits liability is reviewed annually by an independent actuary. The opinion on the adequacy and appropriateness of the actuary's valuation of the future claims and pension liabilities as at December 31, 2003 is attached to these financial statements.

e) Funding Policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end. The percentage funded is calculated as the ratio of total assets divided by the sum of total liabilities plus the catastrophe reserve. Fully funded status is maintained when this ratio is equal to, or greater than, one.

f) Reserves

The operating and catastrophe reserves are maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. Adverse experience could arise in respect of the following risks:

i. disasters and catastrophes;
ii. lower than expected investment results; or
iii. other unanticipated events such as lower than anticipated assessment revenues or higher than anticipated claims costs.

Operating Reserve

The operating reserve was created by the *Workers' Compensation Act*.

Assessment rates are adjusted to bring the operating reserve to its target level over a period of between two years and ten years, depending on the margin by which the operating reserve is above or below the target range. The range of tolerance for the operating reserve is plus or minus 50% of the target amount.

Catastrophe Reserve

The catastrophe reserve was created by the Governance Council. A catastrophic claim is an accident or event that meets one or more of the following criteria:

i. A single incident resulting in more than four fatal claims or serious injuries;
ii. The nature of an incident is not consistent with the risk inherent in industry; or
iii. The result of a single incident causes an increase of greater than 10% to a rate group.

The Board has adopted a pre-funding approach for the Catastrophe reserve to be maintained in an amount equal to 300 times the Year's Maximum Insurable Remuneration (YMIR).

Rate Subsidy Reserve

The rate subsidy reserve was established by the Board in 2002 to identify the net assets available to fund the provision of a rate subsidy to employers on their assessments. This reserve is determined after the target levels for the operating reserve and catastrophe reserve have been maintained.

g) Employee Future Benefits

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Board and are charged to operations on a current basis. The Board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

Non-pension Benefits

Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Board recognizes the cost of future severance benefits over the periods in which the employees render services to the Board and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

h) Assessment Revenue

Current year revenues are estimated at year end based on actual payrolls submitted by employers. Adjustments to assessment revenues are accounted for in the year that the amounts are determined. An allowance is included in assessments receivable for potential adjustments of current and prior years' payrolls.

i) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Board believes the estimates and assumptions to be reasonable. Significant management estimates relate to the valuation of assets, future benefits liability, employee future benefits liability and assessment revenue.

Note 3 Investments

a) Cash and Cash Equivalents

The Board invests in the short-term money market. The overall yield of this portfolio is 2.8% at December 31, 2003 (2002 - 2.3%). All instruments held in cash and cash equivalents are readily convertible to cash and are held in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada. The Board's investment policy limits investment in cash and cash equivalents to a maximum of 10% of the total investment portfolio.

	2003 **$**	2002 $
Cash in bank	**556**	313
Cash in trust	**791**	966
Short term investments	**5,872**	5,075
	7,219	6,354

Included in the amounts above is Canadian $307 (2002 – Canadian $618) in foreign currencies.

Fair value approximates carrying value due to their short term nature.

b) Long-term Investments

	2003		2002	
	Carrying Value $	**Fair Value** $	Carrying Value $	Fair Value $
Fixed term investments				
Indexed funds	**72,571**	**72,046**	84,746	83,423
Other	**32,013**	**34,823**	45,038	47,782
	104,584	**106,869**	129,784	131,205
Equity investments	**136,617**	**135,661**	115,617	103,469
Investments maturing within one year	**2,911**	**2,585**	4,262	4,262
	244,112	**245,115**	249,663	238,936

Included in the carrying value at December 31, 2003 are net unamortized losses of $49 (2002 - $11,751). Management has reviewed currently available information regarding those investments whose estimated fair value is less than carrying value and has determined that the carrying values are expected to be recovered. Fair values for equity investments and marketable fixed term investments are the closing value (i.e. market value) on the appropriate exchange at December 31.

The maturity periods of the fixed income portfolio (other) at December 31, 2003 are as follows:

	2003		2002	
Term to maturity	**Cost** **$**	**Fair Value** **$**	Cost $	Fair Value $
Government of Canada				
After one through five years	**8,026**	**8,026**	11,343	11,403
After five years	**6,582**	**6,685**	13,340	13,721
Provincial/territorial securities and securities guaranteed by provinces/territories				
After five years	**5,129**	**6,003**	7,220	8,059
Corporate securities				
Due in one year or less	**1,201**	**1,213**	1,000	1,015
After one through five years	**907**	**955**	2,958	3,031
After five years	**11,283**	**11,941**	10,059	10,553
	33,128	**34,823**	45,920	47,782
Less: Unamortized gains	**(1,115)**		(882)	
Carrying value	**32,013**		45,038	

c) Investment Revenue

	2003		2002	
	Interest & Dividends $	**Gains (Losses)** $	Interest & Dividends **$**	Gains (Losses) $
Fixed term investments	**7,208**	**296**	8,531	910
Equity investments	**2,425**	**3,198**	2,548	2,850
Investments maturing within one year	-	-	21	-
	9,633	**3,494**	11,100	3,760

	2003	2002
Total investment revenue	**13,127**	14,860
Less: Investment fees	**(1,001)**	(1,022)
Add: Interest on Cash and cash equivalents	**104**	98
	12,230	13,936

Investments are managed by the Board's external investment managers. The market yield of the portfolio, as provided by our performance measurement service, is as follows:

	2003	2002
Fixed term	**7.0%**	9.1%
U.S. equities	**1.4%**	-20.9%
International equities	**7.0%**	-18.7%
Canadian equities	**25.9%**	-6.7%

d) Investment Policies

The Board's investment target and actual asset mix at December 31 is as follows:

	Fair Value		Actual	
	Maximum	Minimum	**2003**	2002
Bonds	50%	30%	**39.4%**	49.5%
Canadian equities	30%	20%	**26.3%**	21.0%
U.S. equities	20%	10%	**13.2%**	9.0%
Non-North American equities	20%	10%	**15.1%**	12.1%
Cash and cash equivalents	10%	0%	**3.0%**	4.2%

e) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument will fail to meet its obligations. In order to manage this risk, short term investments must have a minimum credit rating of A-1 or its equivalent. Fixed term investments of a longer term must have a minimum credit rating of BBB or its equivalent. These ratings are performed by an independent rating service.

f) Interest Rate Risk Management

Fluctuations in interest rates are managed by actively managing the duration of the fixed income portfolio. The maturity periods of the indexed fixed income portfolio will closely approximate that of the Scotia McLeod Universe (SMU). The effective and coupon rates of return on the other fixed income portfolio as at December 31 are as follows:

	Interest Receivable Basis	2003		2002	
		Effective Rate (% range)	**Coupon Rate (% range)**	Effective Rate (% range)	Coupon Rate (% range)
Government of Canada	Semi-annual	**3.70 - 4.70%**	**5.75 - 6.16%**	3.29 - 5.53%	4.00 - 8.00%
Provincial/territorial securities and securities guaranteed by provinces/territories	Semi-annual	**4.30 - 5.30%**	**6.65 - 6.86%**	5.68 - 6.54%	5.90 - 13.00%
Corporate securities	Semi-annual	**4.50 - 5.80%**	**6.49 - 6.88%**	4.34 - 7.20%	5.30 - 10.62%

g) Foreign Currency Balances

The Board has investments denominated in foreign currencies. At times, the Board will enter into derivative financial instruments denominated in various currencies. The purpose of these financial instruments is to optimize yields while sustaining acceptable levels of risk due to foreign currency exposure. The only derivative financial instruments used are forward foreign exchange contracts. There are no unrealized gains or losses at December 31, 2003 (2002-$59 loss).

The following chart shows the Board's net exposure to foreign currency risk.

Currency	**2003 Net Exposure $**	2002 Net Exposure $
United States dollar	**33,221**	23,058
Euro currency	**13,401**	10,393
Pound sterling	**9,986**	9,289
Japanese yen	**5,559**	3,004
Swiss franc	**4,806**	3,884
South Korean won	**1,561**	-
Hong Kong dollar	**1,249**	851
Australian dollar	**956**	996
Singapore dollar	**201**	-
Thailand baht	**3**	-
Danish krone	**1**	1
	70,944	51,476

Note 4 Capital Assets

	Cost $	**Accumulated Amortization** $	**2003 Net Book Value** $	2002 Net Book Value $
Assets under capital lease	**4,242**	**2,917**	**1,325**	**1,536**
Leasehold improvements	**2,987**	**1,569**	**1,418**	**1,289**
Equipment	**2,987**	**1,671**	**1,316**	**1,284**
Computer software, customized	**971**	**322**	**649**	**494**
Furnishings	**352**	**270**	**82**	**95**
	11,539	**6,749**	**4,790**	**4,698**

Note 5 Leases

a) Obligation Under Capital Lease

The Board leases office premises on the third and fourth floors of the Centre Square Tower in Yellowknife, Northwest Territories, expiring April 30, 2010. This lease has been classified as a capital lease. The Board is committed to payments of $436 per annum, including an implicit interest rate of 8%. The Board is also responsible for its proportional share of operating and maintenance expenses based on its share of space occupied. These expenses are based on the actual operating and maintenance costs of the lessor which are variable; therefore, these costs are not included in the table shown below.

Fair value approximates carrying value of the liability.

	Future Minimum Lease Payments $	Imputed Interest at 8% $	**2003 Lease Obligation $**
Current	436	163	**273**
Non-current			
2005	436	140	**296**
2006	436	116	**320**
2007	436	89	**347**
2008	436	60	**376**
Thereafter	580	32	**548**
	2,324	437	**1,887**

b) Operating Leases

Costs of operating leases are charged to operations on a straight line basis over the term of the lease.

Note 6 Employee Future Benefits

During the year, the Public Service Superannuation Plan required the Board to contribute to the PSSA at a rate of 2.14 (2002 - 2.14) times the employee's contributions. Contributions to the PSSA during the year were $1,133 (2002 - $963).

Note 7 Benefits Liability

	Medical Aid $	Compensation $	Pension Capitalization $	Pension Awards $	2003 Total $	2002 Total $
Balance, January 1	24,255	22,994	31,623	126,669	**205,541**	198,793
Add: Claims expenses						
Current year	6,200	7,373	7,881	275	**21,729**	25,263
Prior years	688	(2,404)	(239)	10,274	**8,319**	6,486
Liability transfer, capitalizations	-	-	(3,239)	3,239	**-**	-
Recoveries from third parties	-	372	-	-	**372**	466
	31,143	28,335	36,026	140,457	**235,961**	231,008
Less: Claims payments						
Current year injuries						
Claims payments	1,214	1,633	-	-	**2,847**	3,051
Claims management	420	566	-	-	**986**	805
Prior years' injuries						
Claims payments	3,559	3,788	-	10,695	**18,042**	17,985
Claims management	1,327	1,412	-	1,205	**3,944**	3,626
	6,520	7,399	-	11,900	**25,819**	25,467
Balance, December 31	24,623	20,936	36,026	128,557	**210,142**	205,541

Note 8 Reserves

The Board is fully funded at year end to meet its obligations and maintain an appropriate catastrophe reserve.

a) Operating Reserve

The target level at year end was $8,266 (2002 - $7,982). The target range at year end was $4,133 to $12,400.

b) Rate Subsidy Reserve

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. During the year, a discount of 30% was applied to assessment rates (2002 - 35%).

c) Catastrophe Reserve

The target level for the catastrophe reserve provides for the average cost of a disaster. The target level of the reserve at the end of the year is $19,950 (2002 - $19,350).

Note 9 Contingencies

The Board has commenced an action against third parties as a result of the deaths of nine miners in an explosion at a worksite. As at the year end, the amount of any recoveries cannot be reasonably estimated.

The Board has a number of other legal claims outstanding for recovery of compensation expenses from third parties. Recovery of these amounts cannot be reasonably estimated; therefore, no amount is recorded in the financial statements. Settlement of legal claims is recognized in the year in which settlement occurs. Legal claims settled during the year resulted in recoveries of $372 (2002 - $466). These recovered amounts are netted against total claims expenses.

The Board has reviewed an appeal made with regard to an overpayment of assessments by an employer. The Board estimates that it will not owe any amount related to this appeal. While this liability is not recorded in the financial statements, due to its uncertain nature, the amount of potential loss has been estimated at a maximum of $978.

Under the Workers Compensation Acts of the Northwest Territories and Nunavut, the Board is responsible for the costs of transporting injured workers from the worksite to the nearest healthcare facility as defined in the Northwest Territories and Nunavut Hospital Insurance and Health and Social Services Administration Acts. The total cost of this travel incurred by the Government of Nunavut on behalf of the Board has been estimated between $400 to $650. A liability has been accrued in these financial statements in the amount of $400. The Board is currently working with the Government of Nunavut to resolve this matter.

Note 10 Commitments

In addition to office premises recorded as a capital lease, the Board leases office premises in Yellowknife, Inuvik, Rankin Inlet and Iqaluit which have been classified as operating leases. The Board is also responsible for its proportionate share of operating and maintenance expenses based on the amount of space occupied. These expenses are based on the actual operating and maintenance costs of the lessor which vary; therefore, these costs are not included in the table shown below. The Board leases office equipment in Yellowknife, Rankin Inlet and Iqaluit under an operating lease agreement. The Board also leases accommodations in Inuvik, Rankin Inlet and Iqaluit for terms not exceeding one year.

Minimum lease payments under operating leases over the next five years, and in aggregate, are as follows:

	$
2004	**699**
2005	**553**
2006	**350**
2007	**277**
2008	**229**
Thereafter	**895**
	3,003

Note 11 Related Party Transactions

The Board is related to all departments, agencies and Crown corporations of the Government of the Northwest Territories and the Government of Nunavut. The Board enters into transactions with these entities in the normal course of business.

The following table summarizes the Board's assessments revenue from related parties entered into in the normal course of operations.

	2003 **$**	2002 $
Government of the Northwest Territories	**1,307**	914
Government of Nunavut	**1,163**	805
Public Agencies	**155**	130
	2,625	1,849

Balances due from related parties as at December 31, 2003 are as follows:

	2003 **$**	2002 $
Government of Nunavut	-	1,077
Government of the Northwest Territories	**187**	181
Public Agencies	-	14
	187	1,272

Through memoranda of understanding with the Governments of the Northwest Territories and Nunavut, the Board charges the governments for the costs of administering benefits relating to hunters and trappers claims. These costs include the increase or decrease in the future benefits liability related to hunters and trappers claims; therefore, a significant decrease in the future benefits liability can result in a refund by the Board to either government. The Government of the Northwest Territories (GNWT) will provide a reimbursement for hunters and trappers claims in the amount of $153 (2002 - $148). The Board will provide a reimbursement to the Government of Nunavut for hunters and trappers claims of $90 (2002 -The Government of Nunavut provided a reimbursement of $369 to the Board).

The Board's investments include bonds of related parties (at market value) as follows:

	2003 **$**	2002 $
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	626	636
11.125% maturing June 6, 2011	1,307	1,316
6.42% maturing December 18, 2032	2,018	2,059
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	469	492
	4,420	4,503

Note 12 Fair Value of Financial Instruments

Cash and cash equivalents, accounts payable and accrued liabilities, and other amounts receivable and refundable are valued at their carrying values on the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

Note 13 Comparative Amounts

Certain of the prior year's figures have been reclassified to conform to the current year's financial presentation.

SCHEDULE OF ADMINISTRATION AND GENERAL EXPENSES

For the year ended December 31, 2003

(all amounts in thousands of dollars)

	2003 $	2002 $
Salaries, wages and allowances	**9,950**	9,627
Professional services	**4,457**	2,926
Office lease and renovations (non-capital)	**1,359**	1,094
Travel	**1,096**	1,013
Communications	**456**	376
Amortization - capital leases and improvements	**449**	397
Amortization - furnishings and equipment	**381**	517
Office services and supplies	**299**	329
Office furnishings and equipment (non-capital)	**276**	281
Training and development	**234**	297
Advertising and public information	**187**	193
Interest expense on capital lease obligation	**184**	203
Honoraria and retainers	**170**	177
Miscellaneous	**99**	70
Grants	**92**	79
Computer lease and services	**8**	8
	19,697	17,587
Less: Allocation to claims costs	**(4,930)**	(4,431)
	14,767	13,156

Hewitt

Workers' Compensation Board – Northwest Territories and Nunavut
Actuarial Opinion as at December 31, 2003

Hewitt Associates has been appointed by the Workers' Compensation Board of the Northwest Territories and Nunavut (the Board) to value the liabilities for future claim payments (Benefits Liability) in accordance with the **Workers' Compensation Act, N.W.T. 1988**.

As more fully described in our report dated March 26, 2004:

- We understand the valuation is intended for use in preparing the Board's balance sheet at December 31, 2003;
- The valuation was performed by Hewitt Associates and the results represent our independent assessment of the Board's liabilities for future claim payments and claim management expenses;
- We are aware that the Auditor General intends to use this valuation in accordance with the Joint Policy Statement of the CIA and the CICA;
- We confirm that the valuation has been performed in accordance with accepted actuarial practice;
- The methods and assumptions are detailed in the Statement of Funding Policy, Methods and Assumptions (March 2004);
- There have been some changes in the assumptions since the prior valuation, the impact of which are disclosed in the Changes in Future Claims Liability and Changes in Future Pension Liability sections of this report;
- The valuation makes provision for all benefit obligations of the Board, including future indexing adjustments and future claims management expenses;
- We are not aware of any subsequent events that would materially impact this valuation; and
- The Benefits Liability at December 31, 2003 of $210,142,000 makes appropriate provision for the Board's benefits obligations.

In our opinion, for the purposes of the valuation:

- The data on which the valuation is based are sufficient and reliable;
- The assumptions use are appropriate; and
- The methods employed are consistent with sound actuarial principles.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practices.

Respectfully submitted for
HEWITT ASSOCIATES

John Sanges
Fellow, Canadian Institute of Actuaries

March 26, 2004

NORTHWEST TERRITORIES HOUSING CORPORATION

FINANCIAL STATEMENTS

for the year ended March 31, 2004

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable David Krutko
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to Management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the Financial Administration Act, the Housing Corporation Act and policies of the Corporation. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

Fred E. Koe, CMA, CAFM
President

J. Anderson

J.B. (Jeff) Anderson, CGA, CPA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
June 11, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2004 and the statements of operations, surplus/(deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Northwest Territories Housing Corporation Act* and regulations.

Roger Simpson

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 11, 2004

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NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet
As at March 31, 2004

	2004 ($'000)	2003 ($'000)
ASSETS		
Current		
Short-term investments (Note 3a)	$ 12,892	$ 14,705
Accounts receivable (Note 4)	6,935	9,312
Due from the Government of the Northwest Territories (Note 8)	1,485	-
	21,312	24,017
Other receivables	501	-
Fixed-term investments (Note 3b)	4,060	2,010
	4,561	2,010
Investment in housing projects		
Land and buildings (Note 5a)	131,770	125,802
Mortgages receivable (Note 5b)	3,015	3,380
	134,785	129,182
Property and equipment (Note 6)	4,173	4,304
	$ 164,831	$ 159,513
LIABILITIES		
Current		
Bank indebtedness	$ 272	$ 1,161
Accounts payable (Note 7)	10,319	10,221
Due to the Government of the Northwest Territories (Note 8)	-	1,141
Current portion of long-term debt and capital leases	5,006	4,454
	15,597	16,977
Long-term debt (Note 9)	85,364	89,917
Deferred capital contributions (Note 10)	51,245	44,792
Obligation under capital leases (Note 11)	9,279	8,491
Employee future benefits	1,331	1,255
	162,816	161,432
EQUITY		
Accumulated surplus/(deficit)	2,015	(1,919)
	$ 164,831	$ 159,513
Contingencies and commitments (Notes 16 and 17)		

Approved by Management:

President

Chief Financial Officer

The accompanying notes form an integral part of the financial statements.

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NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Operations
For the year ended March 31, 2004

	2004 ($'000)	2003 ($'000)
Expenses		
Rental housing programs		
Contributions for social housing	$ 32,757	$ 32,866
Interest on long-term debt	10,025	10,458
Amortization	6,995	6,866
Repairs, maintenance, and other costs	3,633	4,748
Contributions for market housing	735	-
Homeownership programs		
Homeownership grants and contributions	10,414	9,230
Mortgage subsidies	2,947	4,812
Provision for impaired mortgages	1,805	1,579
Administration (Note 15)	13,864	12,988
Administration of government staff housing	-	403
	83,175	83,950
Revenues and recoveries		
Other revenue and recoveries	1,435	1,343
Investment revenue	768	793
Recoveries from government for staff housing	-	374
Mortgage interest revenue	187	237
Gain on disposal of capital assets	420	661
Recovery of prior year grants	34	238
	2,844	3,646
Net cost of operations prior to government contributions	80,331	80,304
Government contributions		
Government of the Northwest Territories	41,613	41,634
Canada Mortgage and Housing Corporation (Note 14)	33,546	33,545
Amortization of deferred capital contributions	3,266	2,583
	78,425	77,762
Net cost of operations	$ 1,906	$ 2,542

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Surplus/(Deficit)
For the year ended March 31, 2004

	2004 ($'000)	2003 ($'000)
Accumulated deficit at beginning of the year	$ (1,919)	$ (3,473)
Net cost of operations – unfunded items	(1,906)	(2,542)
	(3,825)	(6,015)
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	5,588	3,861
Long-term debt principal repayment (Note 8)	252	235
	5,840	4,096
Accumulated surplus/(deficit) at end of the year	$ 2,015	$ (1,919)

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Cash Flows
For the year ended March 31, 2004

	2004 ($'000)	2003 ($'000)
Cash flow from operating activities		
Cash received from:		
Government of the Northwest Territories (GNWT)	$ 40,701	$ 41,464
Canada Mortgage and Housing Corporation (CMHC)	30,121	29,892
Miscellaneous revenue and recoveries	2,354	1,984
	73,176	73,340
Cash used for:		
Contributions for social housing	(32,624)	(32,176)
Administration	(13,593)	(12,748)
Interest on long-term debt	(10,008)	(10,454)
Mortgage subsidies	(3,639)	(3,539)
Repairs, maintenance and other costs	(3,633)	(4,748)
Homeownership grants and contributions	(9,050)	(9,369)
Contributions for market housing	(735)	(403)
	(73,282)	(73,437)
Net cash used by operating activities	(106)	(97)
Cash flow from financing activities		
Contribution from GNWT for capital assets	14,073	7,956
Contribution from CMHC for loan repayment	3,404	3,404
Repayment of long-term debt and capital leases	(4,487)	(4,039)
Net cash provided by financing activities	12,990	7,321
Cash flow from investing activities		
Mortgage payments received	1,088	758
Sale of capital assets	5,009	1,032
Capital assets purchased	(17,855)	(8,675)
Fixed-term investments purchased	(2,050)	(2,010)
Short-term investments redeemed	1,813	279
Net cash used by investing activities	(11,995)	(8,616)
Net increase (decrease) in cash	889	(1,392)
Cash (bank indebtedness), beginning of year	(1,161)	231
Bank indebtedness, end of year	$ (272)	$ (1,161)

The accompanying notes form an integral part of the financial statements.

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act*. The Northwest Territories Housing Corporation is exempt from income tax but is subject to Goods & Services taxes.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories (GNWT), either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and for capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Revenue recognition

Government contributions provided through the GNWT Department of the Executive are restricted in nature, subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the government are recognized as revenue in the year in which the related expenses are incurred.

Contributions and recoveries from the government for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for long-term debt principal repayments, which are credited to accumulated surplus/(deficit). Contributions from the government for depreciable capital assets are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Grant-in-lieu contributions of depreciable capital assets from the government are also recorded as deferred capital contributions. Contributions for non-depreciable capital assets are credited to accumulated surplus/(deficit).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Federal contributions from Canada Mortgage and Housing Corporation (CMHC) are restricted under provisions of a Social Housing Agreement. Accordingly, federal contributions are recognized as revenue in the year in which the related expenses are incurred.

Federal contributions used for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and are recognized in the year received.

Federal contributions provided under the Affordable Housing Program agreement are credited against the capital costs of housing units built under the homeownership and the assisted rental housing programs. The contribution under this program for 2004 is $1,775,000 (2003 - $1,775,000).

Investments

Short-term investments are valued at the lower of cost or market value. Fixed-term investments are valued at cost; with unrealized losses only recognized when there has been a permanent decline in the value of investments. Interest income is recorded on the accrual basis.

Investment in housing projects - land and buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio or carried in inventory are stated at cost. Buildings transferred to the Northwest Territories Housing Corporation from CMHC or the government are stated at their respective book value when transferred. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental programs and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value. Inventory items are valued at lower of cost and net realizable value.

Amortization for social housing, lease/purchase housing and market housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Inventoried units are not amortized.

Social and market housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in housing projects - mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgages, prior to an allowance for impairment.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

Property and equipment

Property and equipment are stated at amortized cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions for social housing

Housing units owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

Employee future benefits

Pension benefits
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation contributes to the Plan based on a multiple of the employee's contributions, which may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Plan.

Non-pension benefits
Under term and conditions of employment, employees earn non-pension benefits for resignation, retirement, and removal based on years of service. The cost of these benefits is determined based on management's best estimates and is accrued as a liability as employees render service.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; and the allocation of the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. INVESTMENTS

a) Short-term investments

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 0.75% to 5.20% in 2004 (2003 – 1.00% to 6.10%). All instruments held are in high quality debt obligations with an average term to maturity of 51 days (2003 - 87 days).

b) Fixed-term investments

	2004			2003
	Effective rate of return	Term to Maturity	Carrying Value ($'000)	Carrying Value ($'000)
Fixed-term investments				
Government of Canada	3.13%	1 to 32 years	$ 2,081	$ 1,031
Trust company	4.75%	1 to 4 years	979	979
Provincial government	4.50%	1 to 7 years	1,000	-
			$ 4,060	$ 2,010

The average yield of this portfolio in 2004 was 3.85% (2003 – 3.57%).

4. ACCOUNTS RECEIVABLE

	2004 ($'000)	2003 ($'000)
Trade accounts receivable	$ 1,200	$ 3,063
Receivables from related parties		
Government of the Northwest Territories	877	1,207
Canada Mortgage and Housing Corporation	4,556	4,535
Local housing organizations	302	507
	$ 6,935	$ 9,312

5. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2004 ($'000)			2003 ($'000)
	Cost	Accumulated Amortization	Net	Net
Land	$ 261	$ -	$ 261	$ 326
Housing for sale	5,142	-	5,142	1,779
Social housing	176,516	72,063	104,453	106,816
Social housing under capital lease	11,033	2,465	8,568	7,981
Lease/purchase housing	5,463	1,445	4,018	3,210
Staff housing	-	-	-	656
Market housing	2,814	209	2,605	-
Construction in progress	6,723	-	6,723	5,034
	$ 207,952	$ 76,182	$ 131,770	$ 125,802

b) Mortgages receivable

	2004 ($'000)	2003 ($'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	$ 11,531	$ 10,530
Less: allowance for impaired mortgages	(8,692)	(7,517)
	2,839	3,013
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	849	855
Less: allowance for impaired mortgages	(673)	(488)
	176	367
	$ 3,015	$ 3,380

The recorded value of those mortgages specifically identified as being impaired is $9,365,000 (2003 - $8,005,000). There were no write-offs in the current year.

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

6. PROPERTY AND EQUIPMENT

	2004 ($'000)			2003 ($'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 5,624	$ 2,709	$ 2,915	$ 3,069
Office furniture and equipment	4,225	3,178	1,047	1,016
Leasehold improvements	405	194	211	219
	$ 10,254	$ 6,081	$ 4,173	$ 4,304

7. ACCOUNTS PAYABLE

	2004 ($'000)	2003 ($'000)
Trade payables	$ 6,397	$ 7,469
Accrued interest	481	498
Employee leave benefits	752	590
Deferred revenues	26	62
Payables to related parties		
Local Housing Organizations	1,316	1,388
Government of the Northwest Territories	1,347	214
	$ 10,319	$ 10,221

8. DUE TO/(FROM) THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2004 ($'000)	2003 ($'000)
Balance at beginning of the year	$ 1,141	$ 1,690
Total contributions	53,312	49,276
Contributions for long-term debt principal repayment	(252)	(235)
Contributions for capital assets	(14,073)	(7,956)
Cost of operations funded by GNWT	(41,613)	(41,634)
Balance at end of year	$ (1,485)	$ 1,141

The GNWT makes advances to the Corporation for funding operations, principal repayments of long-term debt, capital assets, and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenses incurred for the year. Amounts advanced in excess of the actual expenses are due to the GNWT at year-end and are carried forward as a non-interest bearing advance for the following year.

9. LONG-TERM DEBT

	2004 ($'000)	2003 ($'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2003 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	$ 26,659	$ 27,225
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the Social Housing Agreement, maturing between the years 2005 and 2038, at interest rates ranging from 2% to 21.5% (2003 - 4.5% - 21.5%)	63,252	66,793
	89,911	94,018
Portion included in current liabilities	4,547	4,101
	$ 85,364	$ 89,917

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal ($'000)	Interest ($'000)	Total ($'000)
2005	$ 4,547	$ 8,703	$ 13,250
2006	5,015	8,217	13,232
2007	5,356	7,671	13,027
2008	5,118	7,132	12,250
2009	5,383	6,584	11,967
2010-2014	18,909	26,088	44,997
2014-2038	45,582	54,470	100,052

10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2004 ($'000)	2003 ($'000)
Balance, beginning of year	$ 44,792	$ 43,280
GNWT contribution for depreciable capital assets	9,719	4,095
Amortization of deferred capital contributions	(3,266)	(2,583)
Balance, end of year	$ 51,245	$ 44,792

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of $1,697,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Future Minimum Lease Payments ($'000)	Executory Costs ($'000)	Imputed Interest ($'000)	Lease Obligation ($'000)
Current				
2005	1,697	374	864	459
Long term				
2006	1,697	374	824	499
2007	1,697	374	778	545
2008	1,697	374	729	594
2009	1,697	374	670	653
2010-2023	13,083	2,886	3,209	6,988
	19,871	4,382	6,210	9,279
Total	$ **21,568**	$ **4,756**	$ **7,074**	$ **9,738**

12. PENSION BENEFIT EXPENSE

The Public Service Superannuation Plan requires the Corporation to contribute to the PSSA at a rate of 2.14 times (2003 - 2.14 times) the employees' contributions. The Corporation's contributions to the Plan during the year were approximately $963,000 (2003 - $861,000).

13. FINANCIAL INSTRUMENTS

a) Fair Value

The fair values of the Corporation's financial instruments are estimated as follows:

	2004 ($'000)		2003 ($'000)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	$ 4,060	$ 4,240	$ 2,010	$ 1,897
Loans payable	26,659	28,324	27,225	27,721
Mortgages payable	63,252	91,407	66,793	94,567

Fair values for fixed-term investments are the market value as at March 31.

The fair value of loans and mortgages payable is based on an estimated market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the remaining financial assets and liabilities approximate the carrying amounts because of the short term to maturity.

b) Credit Risk

Investments are managed by the Corporation's external investment managers. All investments have an R-1 medium or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty.

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 82% (2003 – 70%) of balances outstanding.

Mortgage credit risk arises from the possibility that clients might be unable to fulfill their obligation under mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with Local Housing Organizations.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the Territory. Guaranteed loans mature at various dates to the year 2023. Losses relating to loan defaults are not significant to the Corporation's 2004 operations.

14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2004 ($'000)	2003 ($'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	$ 30,983	$ 31,008
Repairs, maintenance, and other costs	2,563	2,537
	$ 33,546	$ 33,545

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2038.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (note 9). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

15. ADMINISTRATION EXPENSES

	2004 ($'000)	2003 ($'000)
Salaries and benefits	$ 10,467	$ 9,291
Building and equipment rentals	1,223	1,064
Travel and relocation	748	774
Computer services	101	716
Professional and special services	810	587
Materials and supplies	262	324
Communications	201	193
Land title fees and expenses	47	34
Workshops and studies	5	5
	$ 13,864	$ 12,988

16. CONTINGENCIES

The Corporation provided guarantees to banks financing certain new or renovated residential housing construction. As at March 31, 2004 a total of 40 (2003 - 41) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $6,459,000 (2003 - $7,201,000).

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately $39,035,000 as at March 31, 2004 (2003 - $40,233,000).

17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	Total ($'000)
2005	4,355
2006	4,366
2007	3,792
2008	3,140
2009	2,810

18. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

19. COMPARATIVE FIGURES

Certain of the 2003 comparative figures have been reclassified to conform to the current year presentation.

Northwest Territories Development Corporation

Unaudited Consolidated Financial Statements

March 31, 2004

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Northwest Territories Development Corporation

Unaudited Consolidated Statement of Operations

For the year ended March 31,	2004	2003
Revenue		
Sales	$ 2,171,776	$ 2,395,529
Cost of goods sold	1,526,120	1,554,335
Gross margin	**645,656**	**841,194**
Dividends	173,703	105,791
Interest	115,812	81,026
Other revenue	88,165	128,952
	1,023,336	**1,156,963**
Expenses		
Selling and administrative (Note 15)	2,806,831	2,873,629
Amortization of capital assets	92,847	118,746
Provision for loss on investments	205,000	457,050
Business development expenditures	167,139	46,607
	3,271,817	3,496,032
Net loss from operations	**(2,248,481)**	**(2,339,069)**
Other items		
Gain on disposal of capital assets	755	11,770
	755	11,770
Net loss before government contributions	**(2,247,726)**	**(2,327,299)**
Government of the Northwest Territories contributions (the Government) (Note 4)	3,236,030	2,904,443
Net income	**$ 988,304**	**$ 577,144**

The accompanying notes form an integral part of the financial statements.

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Northwest Territories Development Corporation

Unaudited Consolidated Statement of Deficit and Contributed Equity - Venture Investments

For the year ended March 31,	2004	2003
Deficit		
Balance, beginning of year	$ (3,052,838)	$ (3,524,191)
Net Income (loss)	988,304	577,144
Transfer of dividends to Contributed Equity - Venture Investments	(173,703)	(105,791)
Balance, end of year	**$ (2,238,237)**	**$ (3,052,838)**
Contributed Equity - Venture Investments		
Balance, beginning of year	$ 5,543,907	$ 4,835,316
Contribution from the Government	-	602,800
Dividends earned	173,703	105,791
Balance, end of year	**$ 5,717,610**	**$ 5,543,907**

The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation

Unaudited Consolidated Balance Sheet

As at March 31,	2004	2003
Assets		
Current		
Cash (Note 6)	$ 3,028,751	$ 1,452,698
Accounts receivable	301,018	270,420
Inventory	1,517,122	1,570,224
Prepaid expenses and deposits	2,872	12,256
	4,849,763	3,305,598
Reserve funds (Note 6)	639,492	779,492
Venture investments (Note 7)	1,129,000	1,634,000
Capital assets (Note 8)	859,651	835,442
Sinking fund investment (Note 10)	-	1,350,000
	$ 7,477,906	**$ 7,904,532**
Liabilities		
Current		
Bank indebtedness (Note 9)	$ 55,402	$ 25,194
Accounts payable and accrued liabilities	560,973	391,486
Current portion of long term debt (Note 10)	-	1,620,000
	616,375	2,036,680
Deferred capital contributions (Note 5)	2,666,905	2,661,530
	3,283,280	4,698,210
Equity		
Contributed surplus - Government	715,253	715,253
Contributed equity - Venture Investments	5,717,610	5,543,907
Deficit	(2,238,237)	(3,052,838)
	4,194,626	3,206,322
	$ 7,477,906	**$ 7,904,532**

Commitments (Note 12).
The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation

Unaudited Consolidated Statement of Cash Flow

For the year ended March 31,	2004	2003
Operating activities		
Net income	$ 988,304	$ 577,144
Items not affecting cash		
Amortization of capital assets	92,847	118,746
Amortization of deferred capital contributions	(74,729)	(95,194)
Gain on disposal of capital assets	(755)	(11,770)
Provision for loss on investments	205,000	457,050
Change in non-cash operating working capital (Note 11a)	201,375	(398,299)
Cash flows from operating activities	**1,412,042**	**647,677**
Financing activities		
Contribution from the Government (Note 11b)	80,104	695,830
Contribution to sinking fund	(270,000)	(324,000)
Cash flows from (used in) financing activities	**(189,896)**	**371,830**
Investing activities		
Investment in venture investments	-	(548,000)
Redemptions and repayments by venture investments	300,000	350,000
Acquisition of capital assets	(117,056)	(243,137)
Proceeds from disposal of capital assets	755	11,770
Cash flows from (used in) investing activities	**183,699**	**(429,367)**
Increase in cash	1,405,845	590,140
Cash, beginning of year	2,206,996	1,616,856
Cash, end of year	**$ 3,612,841**	**$ 2,206,996**
Represented by:		
Cash	$ 3,028,751	$ 1,452,698
Reserve funds	639,492	779,492
Bank indebtedness	(55,402)	(25,194)
	$ 3,612,841	**$ 2,206,996**

The accompanying notes form an integral part of the financial statements.

1. Authority and operations

(a) Authority

The Corporation is a territorial Crown corporation of the Government and operates under the authority of the *Northwest Territories Development Corporation Act* (the *Act*) which came into effect August 24, 1990. The Corporation and its wholly owned subsidiaries are agents of the Government.

(b) Operations

The Corporation invests in business enterprises in accordance with the economic objectives of the Government through equity investments, subsidies, loans and project contributions. These economic objectives are to create employment and income opportunities for residents of the Northwest Territories, primarily in small communities, to stimulate growth of businesses in the Northwest Territories and to promote economic diversification and stability.

(c) Economic Dependency

The Corporation is economically dependent upon the Government for continued funding.

(d) Taxes

The Corporation and its subsidiaries are exempt from municipal and territorial taxes pursuant to Section 27 of the *Act.* Furthermore, the Corporation and its subsidiaries are exempt from federal income taxes, pursuant to Paragraph 149(1)(d) of the *Income Tax Act* (Canada).

(e) Northwest Territories Business Development & Investment Corporation Act

The Minister responsible for the Corporation (the Minister) has drafted and plans to table a Bill to enact the Northwest Territories Business Development & Investment Act. If passed in the legislature, the Bill would create the Northwest Territories Business Development & Investment Corporation which then will assume the operations of the Corporation.

2. Accounting Principles

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the parent company, Northwest Territories Development Corporation, and its subsidiaries. At March 31, 2004, these subsidiaries were:

Subsidiary	Location	Percentage Ownership	Incorporation Date
Light Manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NWT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Aklavik, NWT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NWT	100%	December 18, 1997
Fine Arts and Souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NWT	100%	October 15, 1992
Wholesale/Retail Stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NWT	100%	June 28, 1997
Nahanni Butte General Store Ltd.	Nahanni Butte, NWT	51%	October 15, 1992
Rae Lakes General Store Ltd.	Rae Lakes, NWT	100%	October 14, 1992

Muskox Leather Inc. was dissolved in July 2003 and had no revenues from operations during the reporting period. Aklavik & Tuktoyaktuk Furs Ltd. had a wind-up plans approved by the Board in November 2002. Aklavik & Tuktayaktuk Furs Ltd. is currently operating pending sale of the building in Tuktoyaktuk.

The Corporation controls all of its subsidiaries but does not hold a 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess and any further losses applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated statements include the assets and liabilities of the above named subsidiaries as at March 31, 2004 and the results of their operations for the year then ended.

(b) Financial Instruments

The Corporation's financial instruments, as referenced in the financial statements, consist of cash, reserve funds, investments, accounts receivable, accounts payable and accrued liabilities, long term debt and bank indebtedness. These financial instruments may be exposed to significant interest rate and credit risks. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The fair value of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted.

2. Accounting Principles (continued)

(c) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(d) Venture Investments

Loans receivable which relate to capital items are carried at the amount of the funds advanced less accumulated provision for loss. When conditions of the loan agreement are not met, the entire principal balance and accrued interest shall become due and payable to the Corporation, at its option.

Loans are classified as impaired when there is a deterioration in credit quality to the extent that the Corporation no longer has reasonable assurance that the full amount of principal and interest will be collected. When a loan becomes impaired, recognition of interest income ceases.

Investments in ventures are carried at cost, or at cost less an allowance for loss on realization where there has been a decline in value.

Provision for loss on investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. Provision for loss on investments include loan forgiveness and a provision for loss on realization of venture investments. The value of the venture investments, after provision for loss, represents their fair value.

Dividends from venture investments are included in revenue when received and are deposited to the Venture Investment Fund pursuant to Section 17(6) of the *Act*, to be used for additional investments in venture activities.

2. Accounting Principles (continued)

(e) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is recorded by the straight-line method at rates set out below:

Buildings	20 years
Equipment	4 years
Office furniture and equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years
Vehicles	4 years

Prior to April 1, 2000, capital assets were amortized over 5 years or the number of years in which the Corporation had received guaranteed funding from the Government. Buildings acquired subsequent to March 31, 2000 are amortized on a straight-line basis over 20 years while any equipment and software acquired are amortized on a straight-line basis over 4 years.

(f) Employee Benefit Liabilities

The Corporation grants annual leave to employees based upon their respective terms of employment. Any annual leave not used during the year is accrued as an expense at year-end using each employees current salary level.

The Corporation does not maintain a pension plan for its employees but does make matching contributions to a registered retirement savings plan administered by an agent of the employee's choice. These contributions represent the total liability of the Corporation and are recognized on a current basis.

The Corporation also provides a life insurance and healthcare benefit plan through the NWT Chamber of Commerce Group Insurance Plan. The Corporation is not responsible for any future liabilities of this plan and premiums paid to that plan are recognized on a current basis.

(g) Revenue

Revenues earned from operations are recorded as services are rendered. Revenue is recognized on an accrual basis.

(h) Business Development Expenses

Business development expenses include spending on feasibility studies, business plans, investigations, due diligence assessments and appraisals which have been approved by the Board or the President. It is the Corporation's policy to charge these expenses to current year operations.

2. Accounting Principles (continued)

(i) Contributions from the Government of the Northwest Territories

The Corporation receives a contribution from the Government as set out below. This contribution is used for the purposes set out in the contribution agreement and is not repayable.

The contribution is allocated at the discretion of the Board as approved by the Financial Management Board (the FMB) for the purposes of acquiring capital and venture investments, providing operating subsidies to subsidiaries, financing head office operations, providing project contributions, paying business development expenses and purchasing capital assets for the Corporation.

The amount of the contribution approved by the Board for investment in majority-owned subsidiaries and for the acquisition of capital assets for the Corporation and for working capital advances to the subsidiaries is recorded as deferred capital contribution, and is amortized (into income) on the same basis as the amortization of the related capital assets and investments.

The amount of the contribution approved by the Board for investment in loans receivable, preferred shares or non-controlling interests in common shares is recorded as Contributed Equity - Venture Investments and is recognized in the year for which the funds are advanced.

The amount of the contribution approved by the Board for providing operating subsidies to the subsidiaries is recognized in the year that the subsidy is paid to the subsidiary. A subsidy contribution which has not been expended at year end lapses. The amount of the contribution approved by the Board for providing project contributions is recognized in the year that the project contribution is paid. The amount of the contribution approved by the Board for financing head office operations and business development expenses is recognized in the year for which it is approved by the Legislative Assembly of the Government.

(j) Federal and Territorial Funding

The subsidiaries apply directly to specific programs and the funding is recognized as income in their financial statements and the consolidated financial statements.

(k) Measurement Uncertainty

The preparation of the financial statements, in accordance with Canadian generally accepted accounting principles, requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the valuation of venture investments and inventories.

3. Job Creation Or Maintenance And Compliance With Investment And Subsidy Limits

The *Act* provides the Corporation with the mandate to create or maintain jobs within the Northwest Territories. To this end, the Government provides a contribution to the Corporation.

Under subsection 16(4) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum for the project or subsidiary. Under subsection 16(3) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, as initial investment, an amount not exceeding the prescribed maximum of $100,000 per job created.

The *Act* further states that amounts greater than the prescribed maximums may be provided with the approval of the FMB. The FMB has approved the subsidy expense for the 2003-2004 fiscal year through a Financial Management Board Record of Decision; amounts were expended consistent with the Corporation's policy on Job Creation and Measuring the Results and with the *Northwest Territories Development Corporation Regulations*. Arctic Canada Trading Co. Ltd., with the approval of the FMB, received a subsidy in excess of the $25,000 per job.

The following jobs were created or maintained by the Corporation, its subsidiaries and venture partners during the 2003-2004 fiscal year. Indirect jobs have been calculated using the Northwest Territories Bureau of Statistics Input-Output Model and have been calculated on an aggregate basis for subsidiary operations. Direct and indirect venture job creation and maintenance numbers have been aggregated in order not to compromise venture operations.

	Current Year Subsidies Provided	**Direct Jobs**		**Indirect Jobs (Aggregate Totals)**	
		2004	2003	**2004**	2003
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	$ 100,000	11.00	18.50		
Acho Dene Native Crafts Ltd.	95,000	4.00	4.00		
Arctic Canada Trading Co. Ltd.	61,709	1.00	.75		
Dene Fur Clouds Ltd.	200,000	9.00	9.00		
Nahanni Butte General Store Ltd.	75,000	3.00	3.00		
Rae Lakes General Store Ltd.	-	5.00	5.00		
	$ 531,709	33.00	40.25	14.00	14.00
NWT Development Corporation Head Office		8.00	8.00	5.00	7.00
		41.00	48.25	19.00	21.00
Venture Investments		72.50	76.50	26.00	32.00
		113.50	124.75	45.00	53.00

In fiscal 2003-2004, the total number of direct and indirect jobs created or maintained by the Corporation, its subsidiaries and the ventures that it has invested in, number 158.50 (2003: 177.75).

4. Government Contributions

	2004	2003
Government of the Northwest Territories		
Contribution for subsidies to subsidiaries	$ 531,709	$ 780,000
Contribution to operations and business development	2,589,982	1,985,230
Amortization of deferred capital contributions - Government	74,729	95,194
	3,196,420	2,860,424
Federal and Territorial programs	39,610	44,019
	$ 3,236,030	**$ 2,904,443**

5. Deferred Capital Contributions

	2004	2003
Opening balance	$ 2,661,530	$ 2,663,694
Funding received in the year	80,104	93,030
Amortization recognized	(74,729)	(95,194)
Ending balance	**$ 2,666,905**	**$ 2,661,530**

6a. Funds

The consolidated cash balance available to the Corporation and its subsidiaries at March 31, 2004 totalled $3,612,841. This balance consisted of $639,492 in reserve funds and $2,973,349 in consolidated cash balances (net of bank indebtedness). The unconsolidated bank balance of the Corporation as at March 31, 2004 was $3,448,233. The consolidated fund balances of the Corporation are comprised as follows:

Funds available for capital investments	$ 93,923
Capital Reserve Fund	181,381
Funds available for venture investments	1,587,008
Venture Reserve Fund	458,111
Funds available for operations	633,803
Funds available for subsidies	494,007
	3,448,233
Subsidiary cash balances, net	164,608
Consolidated cash balance including reserves	**$ 3,612,841**

6b. Reserve Funds

Pursuant to Sections 16 and 17 of the *Act*, the Corporation is required to administer a Capital Reserve Fund and a Venture Reserve Fund. The Corporation is required to allocate to these funds an amount equal to 10% of the sums paid from the Capital Fund and the Venture Fund. The legislation indicates that allocations are required to these two reserve funds up to a prescribed maximum. The prescribed maximum is $1 million for both reserve funds.

The Corporation is required to pay amounts in the Capital Reserve Fund that exceed the prescribed maximum of $1 million to the Consolidated Revenue Fund of the Government . The Corporation is required to contribute to the Venture Reserve Fund until it reaches the prescribed maximum of $1 million. Further contributions are not required when the maximum is maintained.

	2004	2003
Capital Reserve Fund		
Opening reserve	$ 321,381	$ 349,381
Current year reserve deposit	10,000	22,000
Draws	(150,000)	(50,000)
Ending reserve	**181,381**	**321,381**
Venture Reserve Fund		
Opening reserve	458,111	153,311
Current year reserve deposit	-	54,800
Repayments (draws)	-	250,000
Ending reserve	**458,111**	**458,111**
	$ 639,492	**$ 779,492**

6c. Cash Management

The Corporation's cash is pooled with the Government's surplus cash and is invested in a diversified portfolio of high grade, short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Limited. The Corporation's average annual investment yield to March 31, 2004 was 2.47% (2003: 2.28%).

7. Venture Investments

		2004	2003
Loans Receivable			
Wekweti Development Corporation		$ -	220,000
Tli-Cho Co-operative Ltd.		212,350	212,350
Nats'enelu Ltd.		100,000	100,000
		312,350	532,350
Less: Provision for loss		(312,350)	(477,350)
		-	55,000
Investments in Shares			
Red Dog Mountain Contracting Ltd.	preferred	1,425,600	1,425,600
Tri-Vanguard Pictures Ltd.	preferred	400,000	400,000
ADK Corporate Group	preferred	300,000	300,000
Canzeal Enterprises Ltd.	preferred	-	300,000
Kunnek Resource Development Corp	preferred	300,000	300,000
175119 Canada Inc. (Norweta Cruises)	preferred	273,311	273,311
Wekweti Development Corporation	preferred	220,000	-
Two River Development Group Ltd.	preferred	160,000	160,000
Nats'enelu Ltd.	preferred	150,000	150,000
Dunnett Petroleum Ltd.	preferred	135,000	135,000
North Nahanni Naturalist Lodge Ltd.	preferred	100,000	100,000
Enodah Wilderness Travel Ltd.	preferred	98,000	98,000
F.C. Services Ltd.	preferred	30,000	30,000
Acoda Gifts Ltd.	common	15,000	15,000
Tli-Cho Co-operative Ltd.	preferred	100	100
		3,607,011	3,687,011
Less: Provision for loss		(2,478,011)	(2,108,011)
		1,129,000	1,579,000
Net Investment in Venture Investments		**$ 1,129,000**	**$ 1,634,000**

Investments, in all classes of ventures, for 2004 totalled $3,919,361 (2003: $4,219,361) with associated provisions made of $2,790,361 (2003: $2,585,361). Impaired loans in 2004 total $312,350 (2003: $532,350); the associated provision for loss is $312,350 (2003: $477,350).

7. Venture Investments (continued)

Preferred Shares and Dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. The Corporation does not exercise significant influence on its venture investments.

Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Dividends have been waived for the first three years for certain of the investments. Investment yields vary from year to year due to the amount and timing of dividend and interest income received; venture investments earned $173,703 in 2004 (2003: $105,791).

Forgiveness

Under the provisions of the *Financial Administration Act*, an account can only be approved for forgiveness by either the Legislative Assembly (over $1,000) or the FMB ($1,000 or less). Once an account has been forgiven, no further collection action is possible.

In 2004, no accounts were forgiven by the Legislative Assembly (2003: five accounts totalling $1,411,239). No accounts were forgiven by the FMB in 2004 (2003:nil).

8. Capital Assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Land	$ 20,247	$ -	$ 20,247	$ 18,247
Buildings	4,752,961	3,929,912	823,049	494,082
Equipment	593,136	593,136	-	2,132
Leasehold improvements	252,909	249,490	3,419	6,840
Office and equipment	384,733	383,934	799	7,666
Computer equipment	120,402	118,067	2,335	3,502
Vehicles	108,515	98,713	9,802	15,232
Construction in progress	-	-	-	287,741
	$ 6,232,903	$ 5,373,252	**$ 859,651**	**$ 835,442**

The majority of the capital asset balance has been amortized due to accounting treatment that tied the amortization to the subsidy reporting period. That reporting period varied in length, from one to five years.

9. Bank Indebtedness

Bank indebtedness represents bank overdrafts that carry an interest rate of prime plus 5.0%.

	2004	2003
Bank overdrafts	**55,402**	25,194

10. Long-term Debt

	2004	2003
Aurora Fund loan repayable at end of term. Simple interest of 7.00% ($9,450) payable monthly.	**$** -	$ 1,620,000

In relation to the Aurora Fund loan, the Corporation was required to make monthly payments into a sinking fund, held by a trustee, for the redemption of long-term debt. At the end of the five year term, January 2004, the sinking fund was used to repay the full amount of the loan.

	2004	2003
Sinking Fund Balance	**$** -	**$ 1,350,000**

11. Consolidated Statement of Cash Flow - Summaries

(a) Changes in Non-cash Operating Working Capital

		2004		2003
Accounts receivable	$	(30,598)	$	66,122
Inventory		53,102		(177,606)
Deposits and prepaid expenses		9,384		6,150
Accounts payable and accrued liabilities		169,487		(292,965)
	$	**201,375**	**$**	**(398,299)**

(b) Contribution From Government

		2004		2003
Capital funds	$	80,104	$	93,030
Venture funds		-		602,800
	$	**80,104**	**$**	**695,830**

12. Commitments

Lease Obligations

The Corporation is committed to operating leases for rental of office space and equipment at the future minimum payments as set out below:

		2004		2003
2004		-		149,115
2005		27,785		40,102
2006		10,591		10,739
2007		-		575
	$	**38,376**	**$**	**200,531**

13. Related Party Transactions

The Corporation is related, in terms of common ownership, to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business at normal trade terms.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

	2004	2003
Revenues		
Sales	$ 63,834	$ 123,733
Expenses		
Purchases	$ 679,112	$ 495,076
Balances at year end		
Accounts Receivable	$ 13,321	$ 14,594
Accounts Payable	$ 46,776	$ 75,991

14. Discontinued Operations

In July, 2003, Muskox Leather Inc. was dissolved. There were no gains or losses associated with this event.

15. Selling and Administrative Expenses

	2004	2003
Salaries and wages	$ 1,714,796	$ 1,670,867
Utilities	228,408	180,067
Office and general	159,328	195,410
Rent	144,955	155,794
Advertising and promotion	137,467	172,569
Travel	137,012	190,702
Board members	108,316	73,443
Professional fees	97,222	85,774
Telephone	43,627	48,788
Bank charges and interest	39,304	60,945
Workshops	9,033	3,945
Bad debts (recovery)	(12,637)	35,325
	$ 2,806,831	**$ 2,873,629**

16. Segmented Information

	Acho-Dene Crafts	Aklavik & Tuk Furs	Arctic Canada Trading Co.	Dene Fur Clouds	Ft. McPherson Tents	Nahanni-Butte General	Rae Lakes General	**2004 Total**
Revenues	$ 169,348	$ 1,704	$ 280,919	$ 116,549	$ 487,436	$ 320,523	$ 962,123	**$ 2,338,602**
Net profit (loss) before subsidy	$ (120,807)	$ (17,514)	$ (102,235)	$ (306,045)	$ (58,691)	$ (115,590)	$ (4,677)	**$ (725,559)**
Subsidy	$ 95,000	$ -	$ 61,709	$ 200,000	$ 100,000	$ 75,000	$ -	**$ 531,709**
Profit (loss) after subsidy	$ (25,807)	$ (17,514)	$ (40,526)	$ (106,045)	$ 41,309	$ (40,590)	$ (4,677)	**$ (193,850)**
Deficit March 31,2003	$ (734,967)	$ (953,583)	$ (455,182)	$ (322,728)	$ (1,190,274)	$ (943,026)	$ (132,701)	**$ (4,732,461)**
Deficit March 31,2004	$ (760,776)	$ (971,100)	$ (495,712)	$ (428,776)	$ (1,148,967)	$ (983,615)	$ (137,379)	**$ (4,926,325)**

In 2003 Muskox Leather Inc. had a surplus of $9,671, making the overall surplus/(deficit) at March 31, 2003: $4,722,790. The company was dissolved in 2003 and is not included in the segmented information for 2004 above.

Inter-segment sales are accounted for at prices comparable to open market prices for similar products and services.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Education, Culture and Employment

Student Loan Revolving Fund

FINANCIAL STATEMENTS

for the year ended March 31, 2004

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Student Loan Revolving Fund
for the year ending March 31, 2004

STATEMENT OF OPERATIONS

	2004	2003
	(thousands of dollars)	
Loans receivable, opening balance	$ 26,256	$ 24,382
Add : Loans granted during the year	5,761	5,436
	32,017	29,818
Less: Principal amount of loans repaid	2,319	2,022
Principal amount of loans written off	-	288
Principal amount of loan remissions	1,620	1,252
Loans receivable, closing balance	28,078	26,256
Less: Estimated provision for remission and written off accounts	18,579	16,799
Net loans receivable, closing balance	**$ 9,499**	**$ 9,457**

Effect of Student Loan Revolving Fund on Government Operations

Interest earned and credited to general revenues	452	486
Less: Financial Collection Agency fees	15	11
Estimated provision for remission and written off accounts	3,399	3,207
Operating deficiency for the year	**$ (2,962)**	**$ (2,732)**

(1) During the fiscal year the allowance for remission and write-off accounts were increased by $3,399,000 (2003 - $3,207,240). These allowances represent estimated accrued expenses charged against the Consolidated Revenue Fund. These expenses represent loans that are unlikely to be collected, or loans which qualify for remission.

(2) During the fiscal year, NIL loans were written off due to uncollectability (2003 - $288,122); $1,619,702 (2003 - $1,251,522) were remitted.

(3) No costs for administration of the Student Loan Fund are included.

APPROVED:

Mark Cleveland
Deputy Minister
Department of Education, Culture and Employment

Paul Devitt
Director, Financial & Mgmt. Services
Department of Education, Culture and Employment

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Resources, Wildlife and Economic Development

Fur Marketing Service Revolving Fund

Financial statements

for the year ended March 31, 2004

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

RESOURCES, WILDLIFE AND ECONOMIC DEVELOPMENT March 31, 2004

Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. More than 1,000 trappers take advantage of this program.

	($)	(thousands of dollars)		
	2003/2004 Actuals	**2003/2004 Revised Main Estimates**	**2003/2004 Main Estimates**	**2002/2003 Actuals**
Authorized Limit	**900,000**	**900**	**900**	**900**
Operating Results				
Opening Accounts Receivable	18,402	18	103	127
Advances to Trappers	977,406	593	90	25
Receipts of Fur Account Loans	-720,230	-230	-120	-134
Closing Accounts Receivable (Note 1 & 2)	275,578	381	73	18

Notes:

1) Some fur remains unsold at auction for extended periods. The spring sale proceeds which are received after fiscal year end pay off most of the remaining advances from the season's trapping.

2) In the past, direct recovery from individual trappers was necessary if the fur sold for less thatn the advance amount. In 2003-2004 the Department revised the fur program so that the prices are guaranteed to the trapper. The trapper will receive any excess receipts over the advance, but is no longer responsible for any deficit on the sale. This change is reflected in the 2003-2004 Revised Main Estimate.

Prepared By: Marissa Martin

Prepared By: Jim Kennedy

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Public Works and Services

Public Stores Revolving Fund Inventories

Financial Statements

for the year ended March 31, 2004

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2004

Public Stores	Balance March 31, 2003	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2004
Yellowknife	$ 92,176	$ 234,133	$ (212,780)	$ -	$ -	$ 113,526

Prepared by :

Bev Bourque
Manager, Finance and Administration
North Slave Office

Approved by :

Chuck Gibson
Manager, Finance Services
Corporate Services

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NORTHWEST TERRITORIES OPPORTUNITIES FUND

FINANCIAL STATEMENTS
(unaudited)

March 31, 2004

NORTHWEST TERRITORIES OPPORTUNITIES FUND

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March 31, 2004 **Page**

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Notes to the Financial Statements 7

Management's Responsibility for Financial Reporting

To the Honourable Brendan Bell
Minister responsible for the
Northwest Territories Opportunities Fund

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles, management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statement includes estimates and judgments based on careful consideration of the information available to management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the Financial Administration Act and the policies set out by directors. The Fund's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate for a Territorial government controlled Fund.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Fund. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

Chairman

Secretary-Treasurer

NORTHWEST TERRITORIES OPPORTUNITIES FUND

BALANCE SHEET
(unaudited)

AS AT MARCH 31, 2004

ASSETS		
CURRENT		
Cash and equivalents (Note 3)	$	1,932,766
Accrued interest		7,452
		1,940,218
LONG-TERM DEBT ISSUE DEFERRED CHARGES (Note 4)		136,154
	$	2,076,372
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$	-
Current portion of long-term debt		-
		-
LONG-TERM DEBT (Note 5)		2,075,183
NET ASSETS		
SURPLUS		1,189
	$	2,076,372

APPROVED BY THE BOARD:

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

STATEMENT OF OPERATIONS AND NET ASSETS
(unaudited)

FOR THE PERIOD FROM JUNE 4, 2003 (Date of incorporation) TO MARCH 31, 2004

REVENUE	
Interest	$ 7,452
EXPENDITURES	
Amortization of deferred charges	6,248
Bank charges and interest	15
	6,263
EXCESS OF REVENUE OVER EXPENDITURES AND SURPLUS AT THE END OF THE PERIOD	$ 1,189

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

STATEMENT OF CASH FLOWS
(unaudited)

FOR THE PERIOD FROM JUNE 4, 2003 (Date of incorporation)
TO MARCH 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES		
Commissions paid on long-term borrowings	$	(142,402)
Cash paid to suppliers		-15
		-142,417
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings		2,075,183
INCREASE IN CASH AND EQUIVALENTS AND CASH AND EQUIVALENTS AT END OF PERIOD	$	1,932,766

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

March 31, 2004

1 Authority and Operations

The Fund is a society incorporated under the Northwest Territories Societies Act and operates under a board of directors appointed by the Minister of Resources Wildlife and Economic Development of the Government of the Northwest Territories to manage loans received under the Immigrant Investor Program. The objectives of the fund are to promote investment, economic development, and job creation in the Northwest Territories. The fund is not taxable under section 149(1)l of the income tax act (Canada).

2 Significant Accounting Policies

The financial statements of the Fund have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Fund in the preparation of these financial statements are summarized below.

Long-term debt issue deferred charges

Long-term debt issue deferred charges are amortized using the straight line method over the 5 year term of the related debt.

Revenue

Interest revenue is accrued as earned.

Donated services

The Fund does not recognize the value of administration services provided by the Government of the Northwest Territories without charge. Services provided by the Government include all accounting and administrative services required by the Fund. The value of such services is estimated as follows:

Accounting	$ 4,948
Administration	11,326
Total	$ 16,274

Furthermore, the Fund receives audit services without charge from the Office of the Auditor General of Canada.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

March 31, 2004

3 Cash and Cash Equivalents

The Fund's cash balances are pooled with the Government of the Northwest Territories surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approved the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Middle Low or better by the Dominion Bond Rating Service Ltd. The Fund's average annual yield for the period ending March 31, 2004 was 2.11%.

4 Long-Term Debt Issue Deferred Charges

Long-term debt issue deferred charges, at amortized cost	$	136,154

Long-term debt issue deferred charges consist of a 7% commission paid on allocations from the federal government under the Immigrant Investor program. Expenses are amortized on a straight line method over the 5 year term of loans under the program.

5 Long-Term Debt

Immigrant investor loan, 0% interest, repayable in a single payment at the end of 5 years. Maturing October 2008 to February 2009, secured by a guarantee from the Government of the Northwest Territories.	$	2,075,183
Less current portion		-
	$	2,075,183

Under Section 92 of the Immigration and Refugee Protection Regulations the investment is due on demand until a permanent resident visa is issued at which time the investment is not refundable to the end of the five year investment period.

Estimated long-term debt principal repayments to be made in the next five years are as follows:

2009	$	2,075,183

6 Contingent Liability

In cases where a visa is not issued, an investor is entitled to a refund. As at March 31, 2004, a visa had not been issued to investors for corresponding loans totaling $ 246,772. Since the amount of investments for which a visa are not issued is not material, all loans are carried as long-term until maturity.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

March 31, 2004

7 Financial Instruments

The Fund's financial instruments included in the balance sheet are comprised of cash and accounts receivable. Their fair values approximate their carrying values. The fund is subject to risk on their investments. The fund limits this risk by a low risk investment policy.

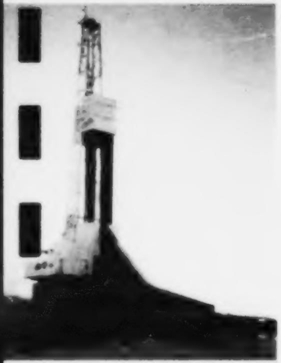
The fair value of long-term debt items is determined using the present value of future cash flows under current debt agreements based on market interest rates for loans with similar conditions and maturities.

The carrying value and fair value of the long-term debt are as follows:

	Carrying value	Fair value
Long-term debt	$ 2,075,183	$1,676,604

8 Commencement of Operations

The Fund commenced operations November 2003.



PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2003 - 2004

Section IV Government Indicators

Northwest
Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2004

SECTION IV

GOVERNMENT INDICATORS

(Unaudited)

HONOURABLE FLOYD K. ROLAND
Minister of Finance

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INTRODUCTION

The Public Accounts of a government report on the fiscal year's revenues and expenses and how they relate to the overall surplus or deficit position of the Government. It is important to note that the financial condition of a government is often quite different from the financial condition of the economy.

A research study conducted by the Canadian Institute of Chartered Accountants states:

The financial health of a government is it's financial health as measured by sustainability, vulnerability and flexibility, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- *Sustainability: the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.*
- *Flexibility: the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.*
- *Vulnerability: the degree to which government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.*

The information provided in the following pages is intended to assist readers of the Consolidated Public Accounts in their assessment of the Government's financial health. Information relating to assets or liabilities of the Government is specific to a point in time, whereas information relating to revenues and expenses encompasses the results of a fiscal year.

GROSS DOMESTIC PRODUCT

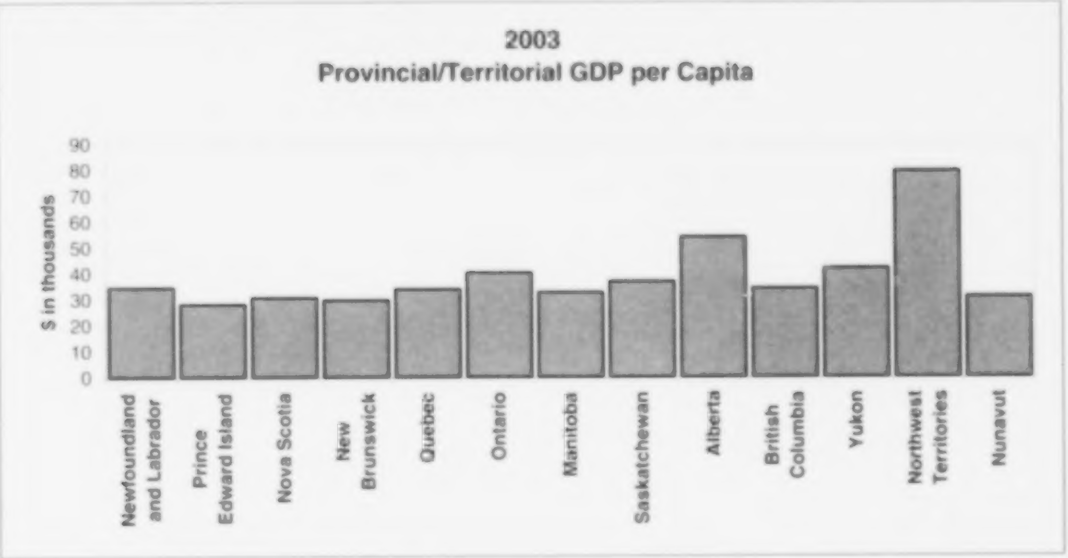
Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, or province or territory, irrespective of whether the factors of production involved are resident or non-resident. GDP is typically measured in two ways: as total incomes earned in current production (income-based); and, as total final sales of current production (expenditure-based). Both methods yield the same estimate of GDP. Estimates of GDP are typically expressed at market prices, which includes the impact of taxes and subsidies in the estimate.

For the Northwest Territories (NWT), Statistics Canada estimates current dollar GDP at market prices at $3,332 million for 2003; this represents an increase of 13.0% over the 2002 estimate of $2,949 million. A final estimate of 2003 GDP for the NWT, and the other provinces and territories, is scheduled for release in October 2004; preliminary estimates of 2004 GDP will be released in April 2005.

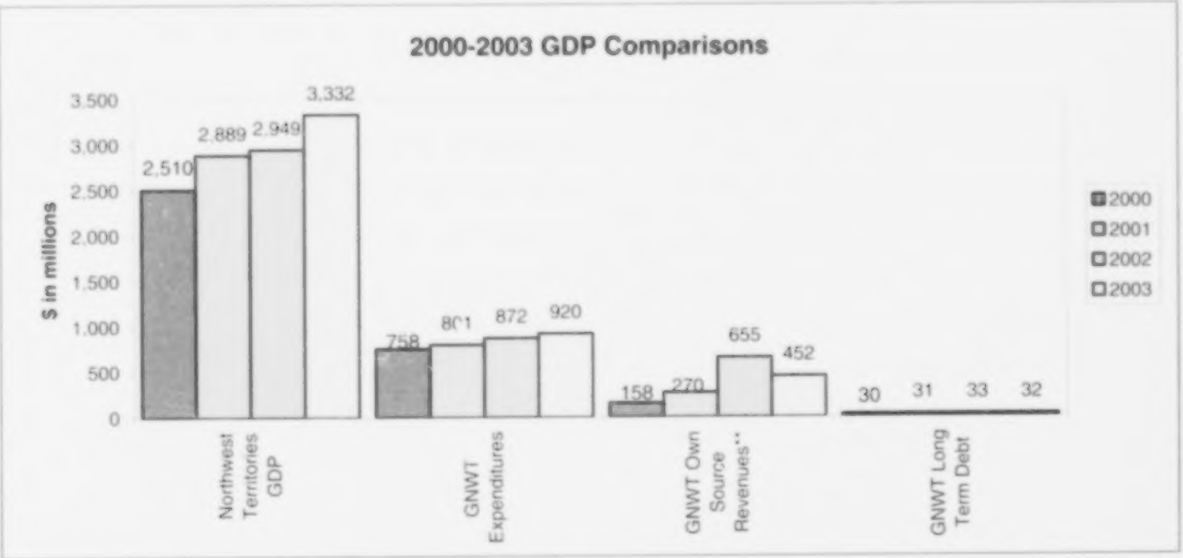
Gross Domestic Product at Market Prices, 2002 and 2003
Canada, Provinces and Territories
Current Dollars ($millions)

	2003	2002	Percent Change
Canada	1,214,601	1,154,949	5.2
Northwest Territories	3,332	2,949	13.0
Nunavut	916	931	-1.6
Yukon	1,310	1,246	5.1
British Columbia	142,418	135,552	5.1
Alberta	170,631	149,998	13.8
Saskatchewan	36,778	34,592	6.3
Manitoba	38,078	37,075	2.7
Ontario	493,416	478,112	3.2
Quebec	254,263	245,559	3.5
New Brunswick	22,358	21,163	5.6
Nova Scotia	28,813	27,102	6.3
Prince Edward Island	3,883	3,748	3.6
Newfoundland and Labrador	18,015	16,555	8.8

GROSS DOMESTIC PRODUCT (continued)



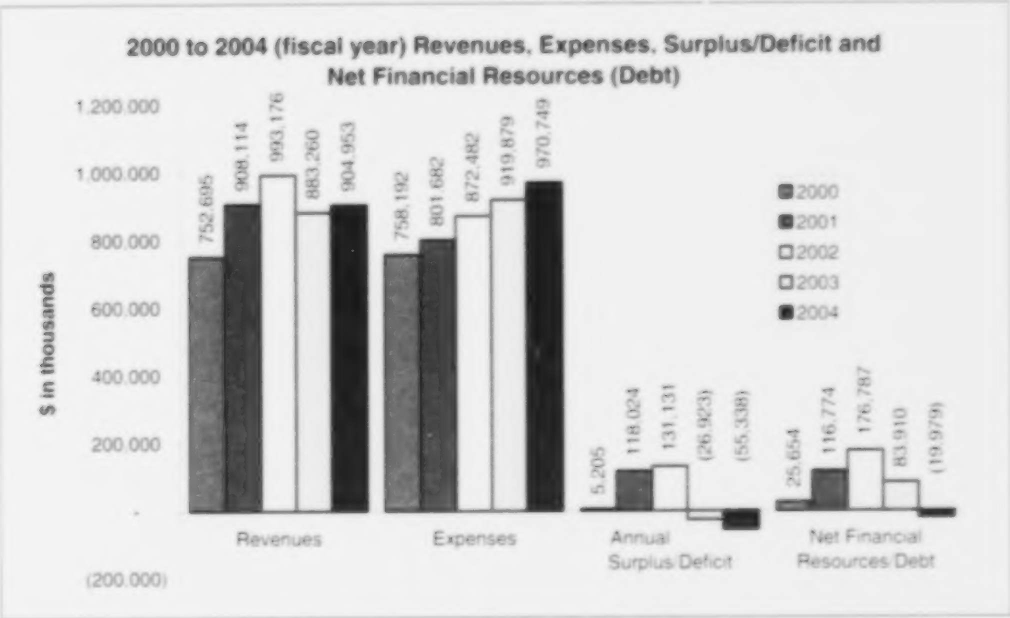
Based on population estimates of Statistics Canada as on July 1, 2003



*Northwest Territories GDP is based on a calendar year, while the balance of the information is based on amounts from March 31 fiscal year-ends.

** see page 11 for discussion on how Own Source Revenue interacts with the Grant from Canada.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES


2000 to 2004 (fiscal year) Revenues, Expenses, Surplus/Deficit and Net Financial Resources (Debt)

* Revenues depicted above exclude both recovery of prior years expenditures and revenue from the Northwest Territories Power Corporation.

The Government has moved from a positive net financial resources position to a net debt position. This is graphically depicted in the following pages and translates into now having more outstanding liabilities than financial resources (assets) at the fiscal year end. During the last three years the Government's net financial resources have been drawn down from a high of $176 million to a net debt position of $20 million, a change of over $196 million. As discussed on page 6, some of the factors that contributed to this draw down are of a one-time nature, however that does not negate the fact that the Government is now in a much less favourable financial position. Should the trend continue to show net debt increasing then a corresponding concern will be the $300 million borrowing limit set by Canada. In order that the Government's financial position remains sustainable, at least in the short-term, the Government must operate within these confines and yet ensure that it retains some flexibility to adapt and meet future needs.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES (continued)

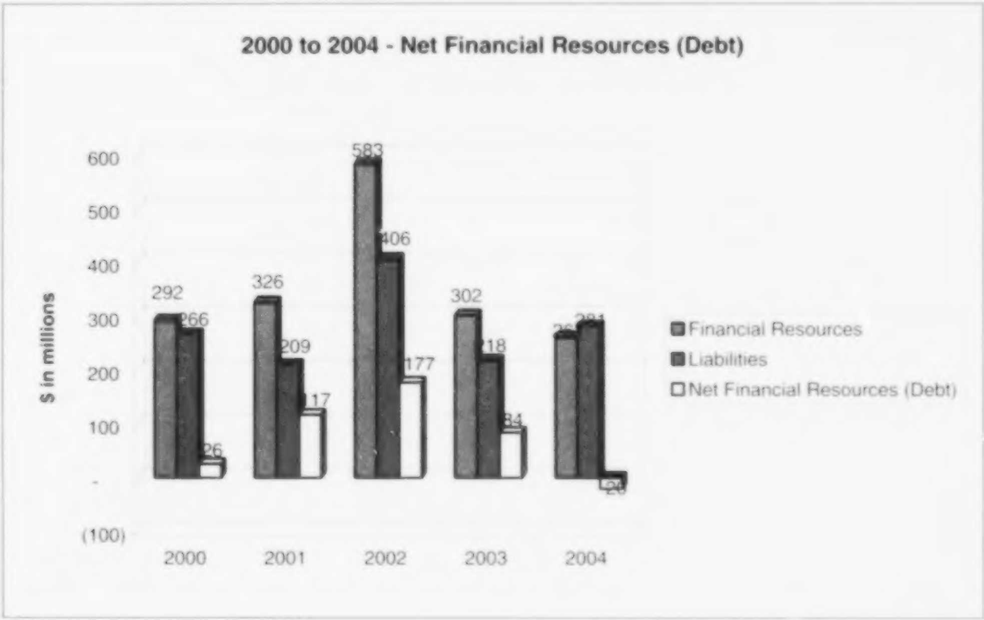
The table below illustrates, both as dollars and as a percentage, the increase in revenue and expenses for the last four fiscal years.

	2000 to 2001		2001 to 2002		2002 to 2003		2003 to 2004	
	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change
Revenues	155,419	20.6%	85,062	9.4%	(109,916)	(11%)	21,693	2.5%
Expenses	43,490	5.7%	70,800	8.8%	47,397	5.4%	50,870	5.5%

While an increase (or decrease) maybe be significant, it is important to relate that change to the rate of change in other components. Examples of things to watch are: (1) expenses increasing at a faster rate than revenues, (2) an increase in net debt to maintain or improve services or (3) a fluctuation related to a one-time event or an event that may not re-occur in the future. Assessing the likelihood of any change in the level of revenues or expenses continuing into the future is an important factor to consider. This information can only be reviewed on a meaningful level when consideration is given to what is the driving factor; inflation, new initiatives or other factors. These changes are important when assessing the long-term sustainability of the present level of services.

NET FINANCIAL RESOURCES (DEBT)

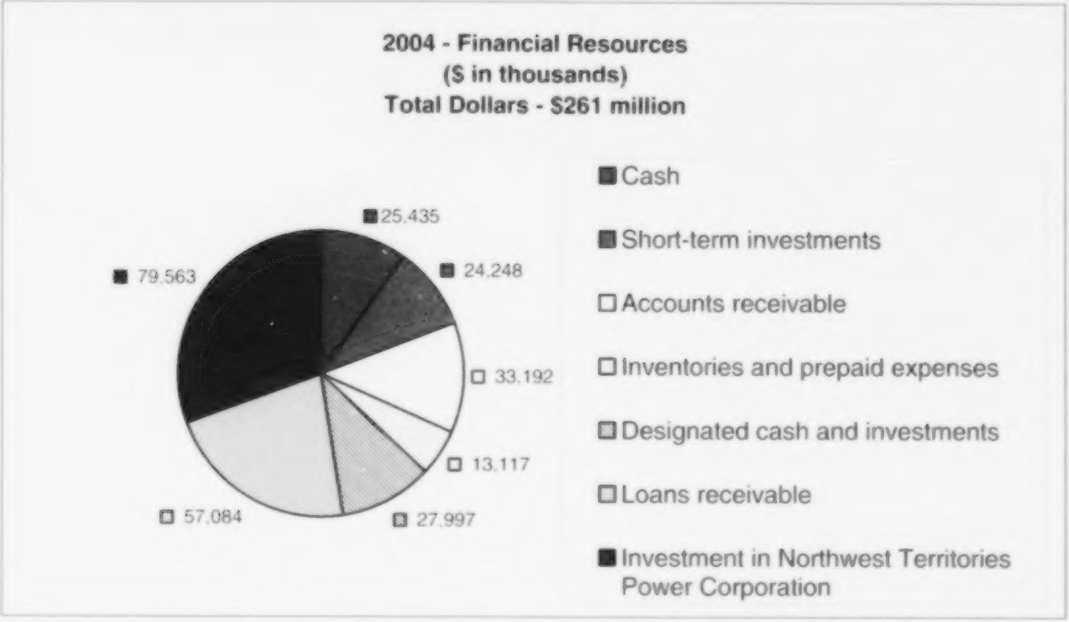
Net financial resources are the residual financial resources after being reduced by all liabilities of the government; net debt results when there is an excess of liabilities over financial resources (as detailed on the next page). The graph below depicts the Government's net financial resource (debt) position at the end of the last five fiscal years.

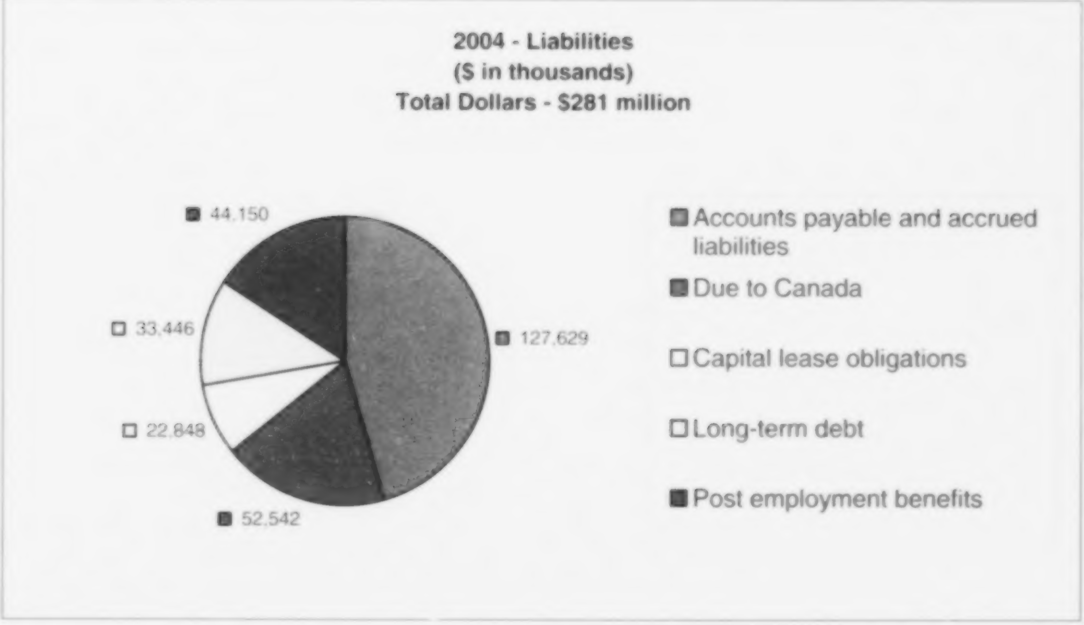


2000 to 2004 - Net Financial Resources (Debt)

Net financial resources (debt) is a good indicator of a government's ability to meet its existing financial obligations. However a significant shift in the level of net financial resources versus liabilities has occurred over the last few years resulting in the Government moving to a net debt position. The fluctuation is exaggerated by unusual events that occurred in 2002 increasing our net resources beyond their average boundaries. The increase was the result of excess of cash on hand due to the prepayment of the Grant by Canada and higher corporate taxes. While our 2002 liabilities were also increased by the requirement to repay funds advanced on the Grant, the net effect was to temporarily inflate our net financial resources. In 2003 we saw the reverse effect, as these items did not reoccur. Now in 2004 we continue to see the effect as Canada adjusts the corporate taxes payable to us downward to take into account the effect of the tax windfall washing through the tax calculation. Net financial resources (debt) will always be affected by any dramatic changes in revenues or expenses. Long-term, net debt will increase if revenues do not keep pace or exceed the cost of government operations.

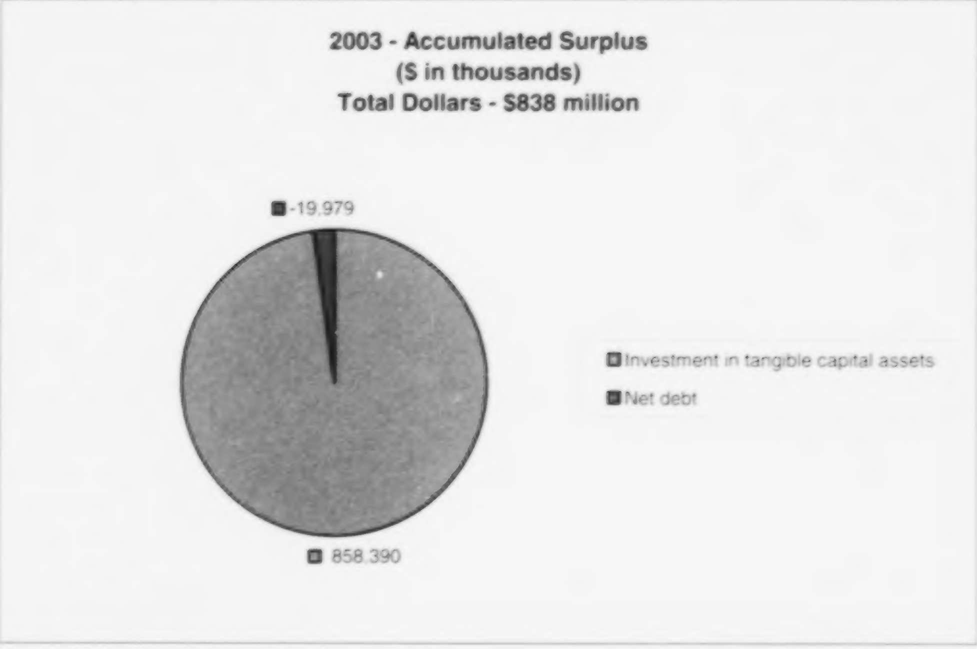
FINANCIAL POSITION


2004 - Financial Resources
($ in thousands)
Total Dollars - $261 million


2004 - Liabilities
($ in thousands)
Total Dollars - $281 million

The above graphs illustrate the varied composition of the Government's financial resources and liabilities.

FINANCIAL POSITION (continued)



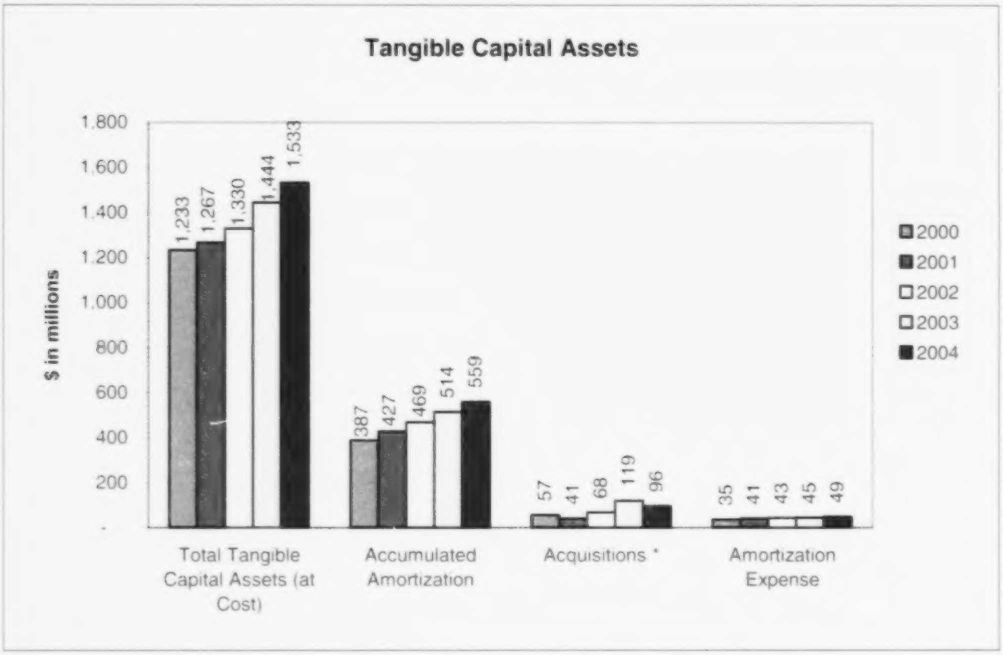
2003 - Accumulated Surplus
($ in thousands)
Total Dollars - $838 million

In prior years the Government was in a net financial resources position; this positive amount was added to the Government's investment in tangible capital assets to produce the accumulated surplus to date. However, now that the Government has moved to a net debt position this amount is removed from the Government's investment in tangible capital assets to show the remainder as accumulated surplus to date. The Government would only move to an accumulated deficit if the net debt position of the Government grew over time to the point where it exceeded the total investment in tangible capital assets. An important measure of the flexibility of a Government is when there are surplus financial assets available to meet current and future obligations, as well as, absorb any budgeted annual deficit. A net debt or net financial resource position is not a direct reflection of the available cash but more an indication of sources where cash will or will not be available from to meet current and future obligations.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include assets purchased directly by the Government and assets that were fully or partially contributed to the Government of the Northwest Territories by Canada or other parties.

The Government of the Northwest Territories records Tangible Capital Assets as non-financial assets on the Statement of Financial Position within the Public Accounts. Under this policy the existing assets are capitalized and then expensed as amortization in the financial statements of the Government based on their average useful life.


Tangible Capital Assets

* Acquisitions do not include investments in assets that were not completed as at March 31 of any year. Such assets are recognized when completed and placed into service.

The Government must plan its capital expenditures to ensure that the existing assets are replaced and/or expanded in a timely manner and in conjunction with the Government's direction and priorities.

TANGIBLE CAPITAL ASSETS (continued)

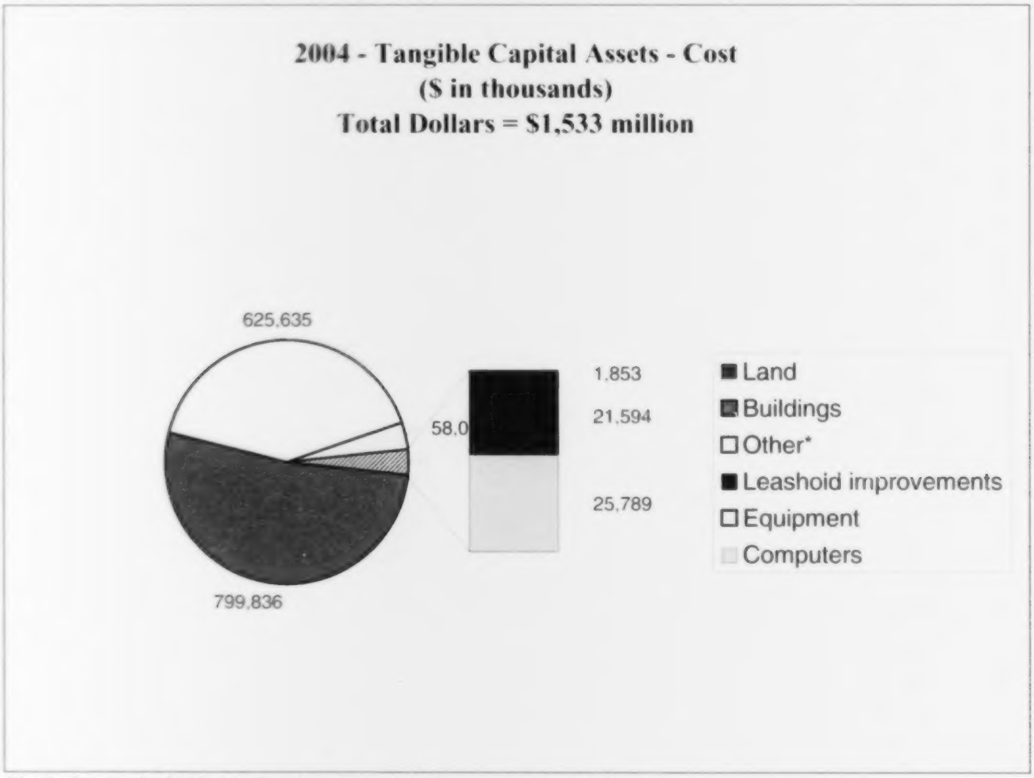
[illegible]

2004 - Tangible Capital Assets (Cost)
($ in thousands)
Total Dollars = $1,533 million

[illegible]

TANGIBLE CAPITAL ASSETS (continued)

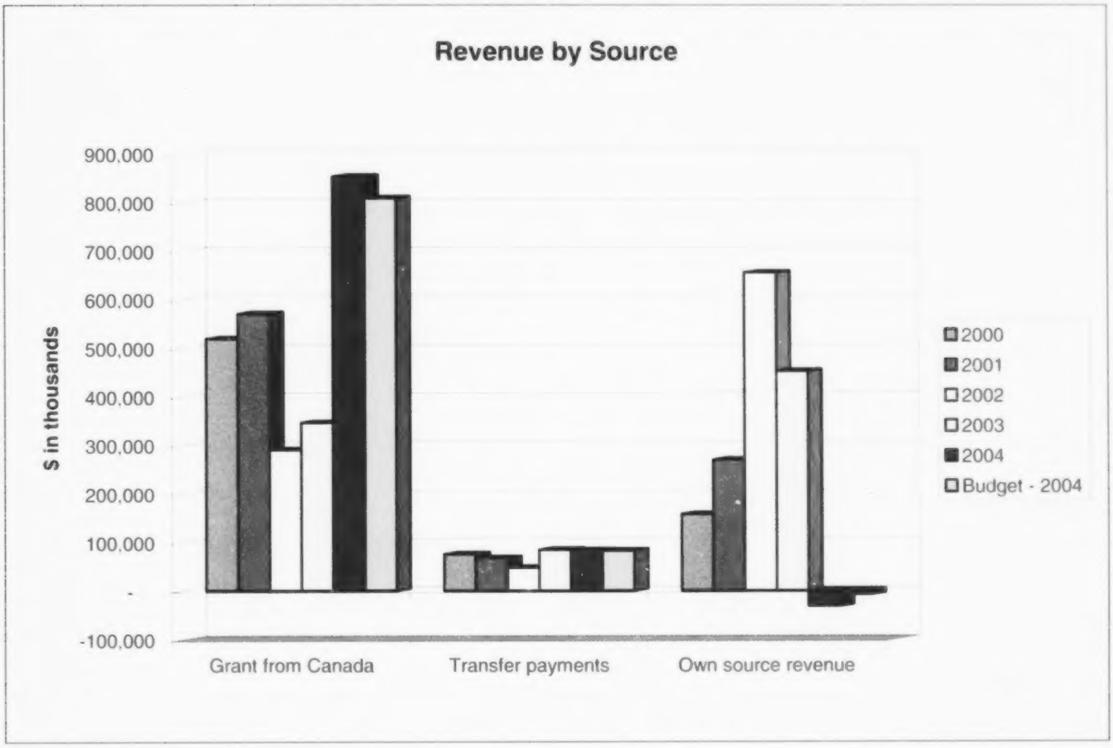
The Government should continue to invest in the replacement of tangible capital assets, at a minimum rate that, over time, approximates the rate at which assets are being consumed. Capital asset investment planning must address two essential points; (1) maintaining existing assets and (2) providing for growth.


2004 - Tangible Capital Assets - Cost
($ in thousands)
Total Dollars = $1,533 million

*Includes roads, bridges, airstrips, aprons and water/sewer works

The Government of the Northwest Territories is currently investing in tangible capital assets at a level that represents between 50% and 60% of the estimated investment needed for replacement and growth.

REVENUE BY SOURCE



In a normal year the Government of the Northwest Territories receives between 65 to 75 percent of its revenues from the Formula Financing Grant from Canada. Major own-source revenues, such as corporate and personal income tax, tobacco tax, fuel taxes, and payroll tax are approximately 25 to 30% of total revenues. Other transfers are approximately 7% of total revenues. Although the Northwest Territories has a vast reserve of non-renewable resources, it does not currently share in the revenue produced by those resources (royalties, etc). The intended result of tri-party negotiations between Canada, the Government of Northwest Territories and Northwest Territories Aboriginal Governments, is the devolution and sharing of resource revenues.

The Grant from Canada is based on a formula designed to cover the difference between expenditure needs and the Government of the Northwest Territories' revenue-raising ability. Therefore, changes to the Government of Northwest Territories' own source revenue levels will change the Grant in the opposite direction. Since the revenue-raising ability measures what the Government could raise at eighty-five percent of national average tax rates in the base year and includes an Economic Development Incentive, changes in own source revenue levels will not change the Grant by a corresponding amount.

REVENUE BY SOURCE (continued)

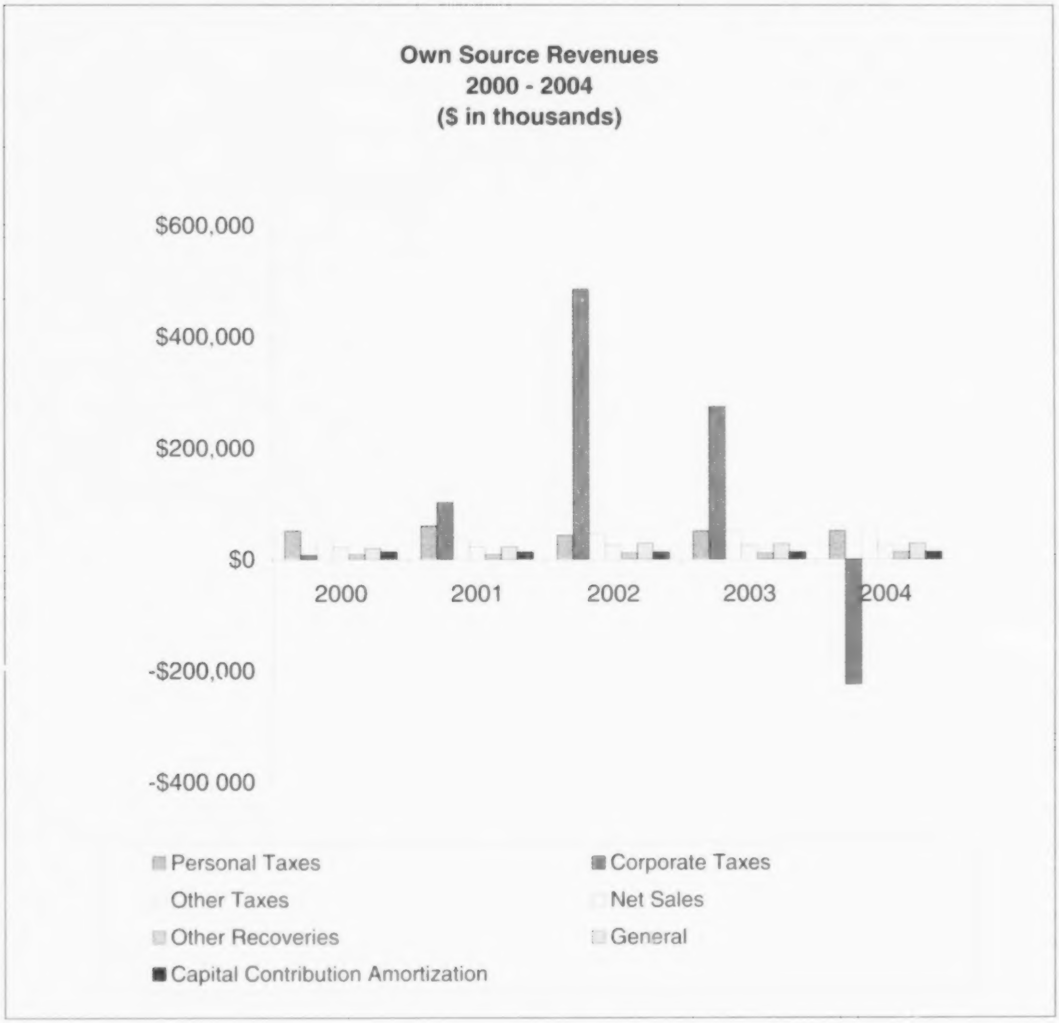
The Grant is designed to provide an incentive for the Government of the Northwest Territories to raise revenues. Therefore, an increase in tax rates that provides increased tax revenues will not affect the Grant. For example, if fuel taxes are raised one cent per litre from the base year rate, the fuel tax revenue for purposes of calculating the Grant will still be at the lower rate. Therefore, the Government of the Northwest Territories keeps the additional revenue generated by increasing the tax rate.

The Grant's expenditure base amount is escalated each year by the growth in provincial/local government spending and the ratio of population growth in NWT to the growth of the Canadian population. The data used to calculate these growth rates is not finalized until three years later for provincial/local government spending and five years later for population data. Therefore, adjustments to the Grant for a fiscal year can occur up to five years later. Since the escalation is cumulative, adjustments for prior years can have significant effects on total revenues. Corporate and personal income taxes estimates also take three years to finalize and require adjustments to the Grant.

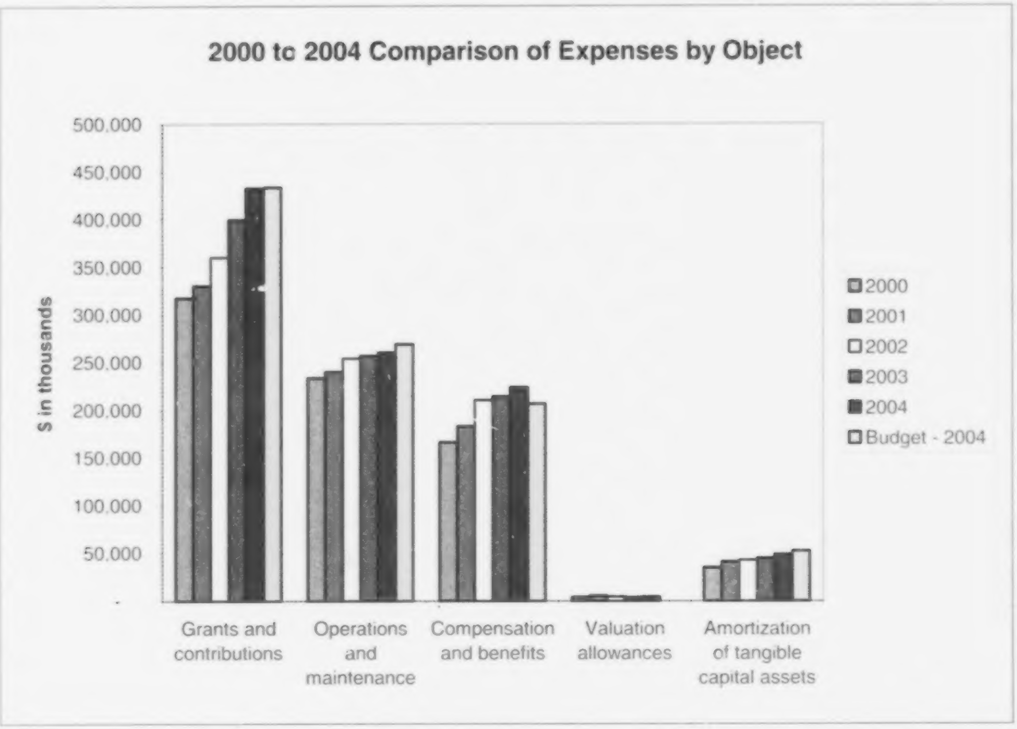
As indicated in the graph on the following page, Corporate Income Tax is a negative revenue for the 2004 fiscal year. This negative amount is the result of an overpayment of 2003 Corporate Income Tax. to us by the Federal Government. The federal government bases estimates of Corporate Income Tax on the latest actual prior year tax revenues (for example, 2002 estimates were based on 2000 actual collections). The 2002 estimate of NWT Corporate Income Tax was based on the large one-time payment from 2000, and the overpayment more than offsets the 2003 Corporate Income Tax estimated revenues.

This overpayment of Corporate Income Tax is also the main reason for the increase in the 2004 Formula Financing Grant entitlement over the 2003 amount. The downward revision of Corporate Income Tax revenues caused an increase in the 2003 Grant. This increase is recorded in 2004 as an adjustment to the current year Grant revenue.

REVENUE BY SOURCE (continued)



EXPENSES BY OBJECT

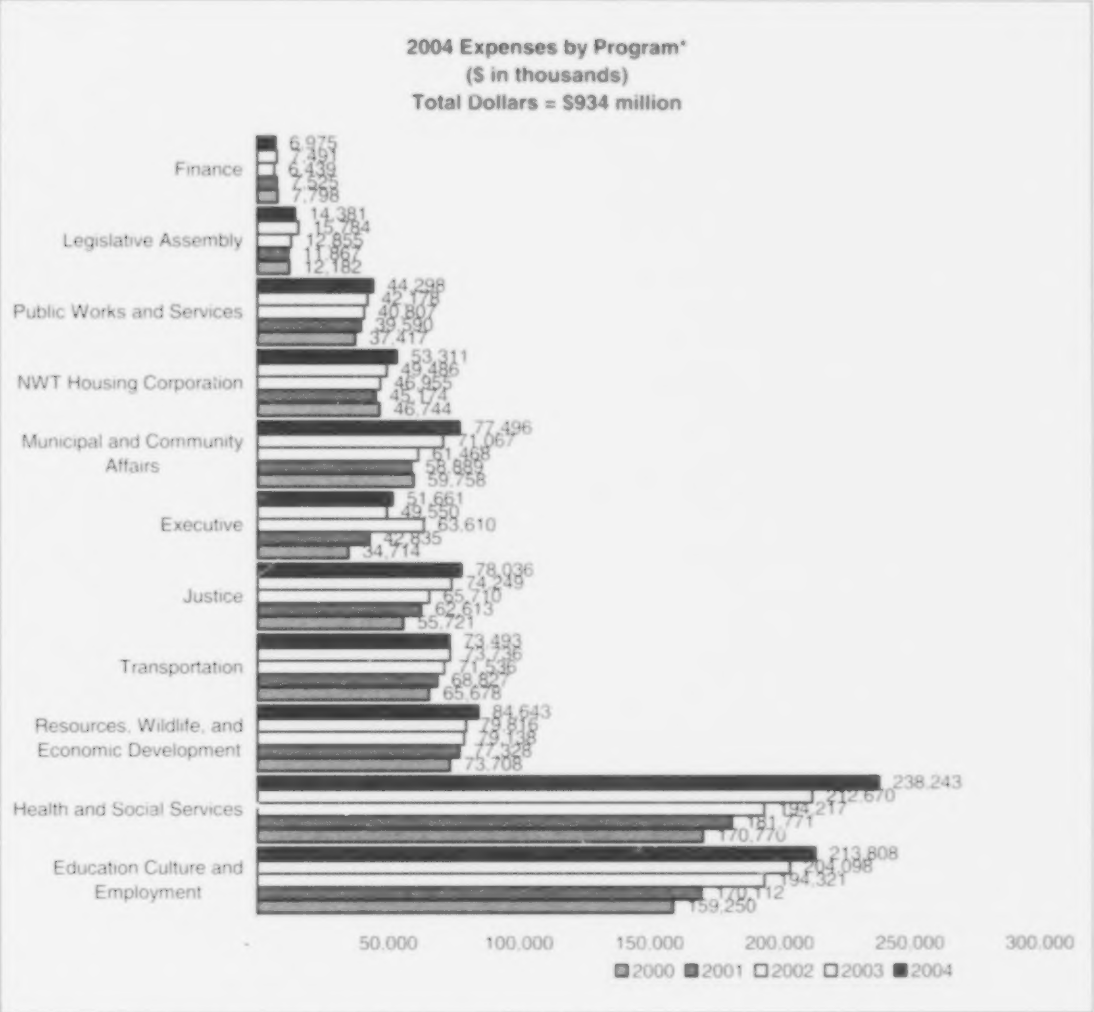

2000 to 2004 Comparison of Expenses by Object

The expenses of the Government are such that a large percentage of its costs are fixed. Grants and contributions to third parties also have many components that are fixed and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies. Approximately 44.7% (2003 – 43.5%) of the Government's total expenditures for 2003/2004 were for Grants and Contributions. Many of our social and educational programs are funded by these contributions.

Additional types of fixed costs are long-term, such as lease and other commitments as disclosed in the note 18 to the Consolidated Public Accounts. A department's operational expenses do not include principal payments on long-term debt (including capital leases).

The Government is also vulnerable to inflation as it is an important factor when negotiating compensation and benefits. Not only are the direct wages of the Government (approximately 23 % (2003 – 23.3%) of the government's total expenditures) vulnerable to this but wages also make up a significant portion of the grants and contributions given to third parties.

EXPENSES BY PROGRAM



2004 Expenses by Program*
($ in thousands)
Total Dollars = $934 million

*based on information from the Non-consolidated Public Accounts – Section II

In the 2004 fiscal year, the Government spent 62% (2003 – 60%) of its total budget on social programs (education, health, justice and housing). Most of the remaining budget is allocated to infrastructure, natural resources and economic development. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

LONG-TERM DEBT BORROWING CAPACITY

[illegible]

[illegible]

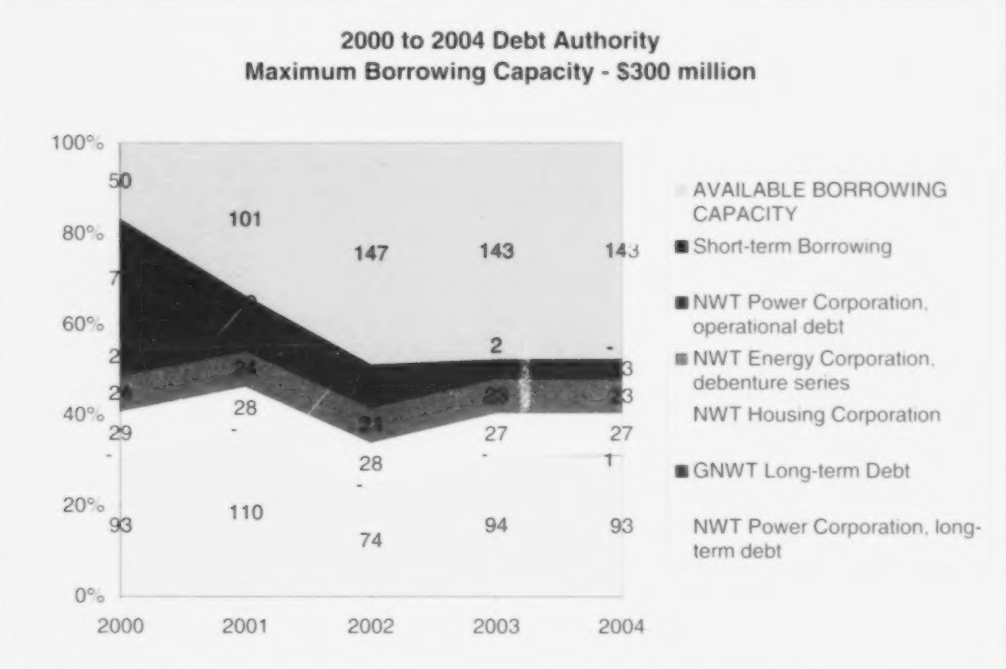
2000 to 2004 Debt Authority
Maximum Borrowing Capacity - ($000 omitted)

[illegible]

LONG-TERM DEBT BORROWING CAPACITY

Canada, pursuant to subsection 20(2) of the *Northwest Territories Act*, has approved Government borrowing up to $300 million. This includes all debt of the various Government entities' that are consolidated. These entities include the Northwest Territories Housing Corporation and the Northwest Territories Power Corporation. If future monetary requirements should require borrowing in excess of the approved amount a review of the Government's overall borrowing capacity with Canada would be required.

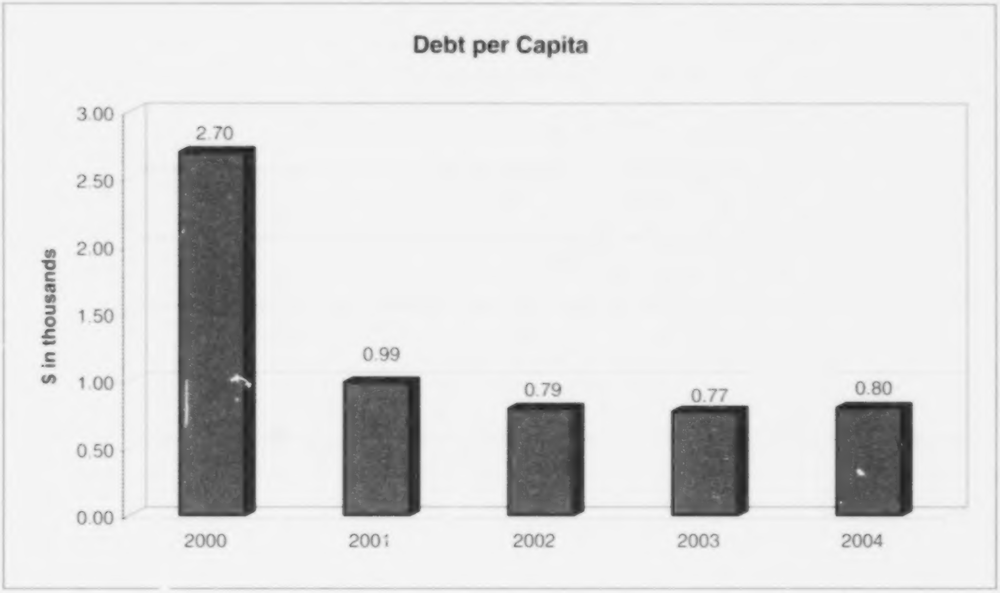
The borrowings of the Northwest Territories Power Corporation (NTPC) and the Northwest Territories Energy Corporation are serviced through revenues generated by the NTPC and Northwest Territories Energy Corporation and, as such, do not require the Government fund the related interest expense or principal repayment.


2000 to 2004 Debt Authority
Maximum Borrowing Capacity - $300 million

While the Government's borrowing has levelled off in the last couple of years the move from a net financial resources position to a net debt position will require the Government to incur additional debt in the future to sustain current service levels if current trends in revenue and expense ratios continue to follow the pattern indicated on page 5. This would draw down the available borrowing capacity over time.

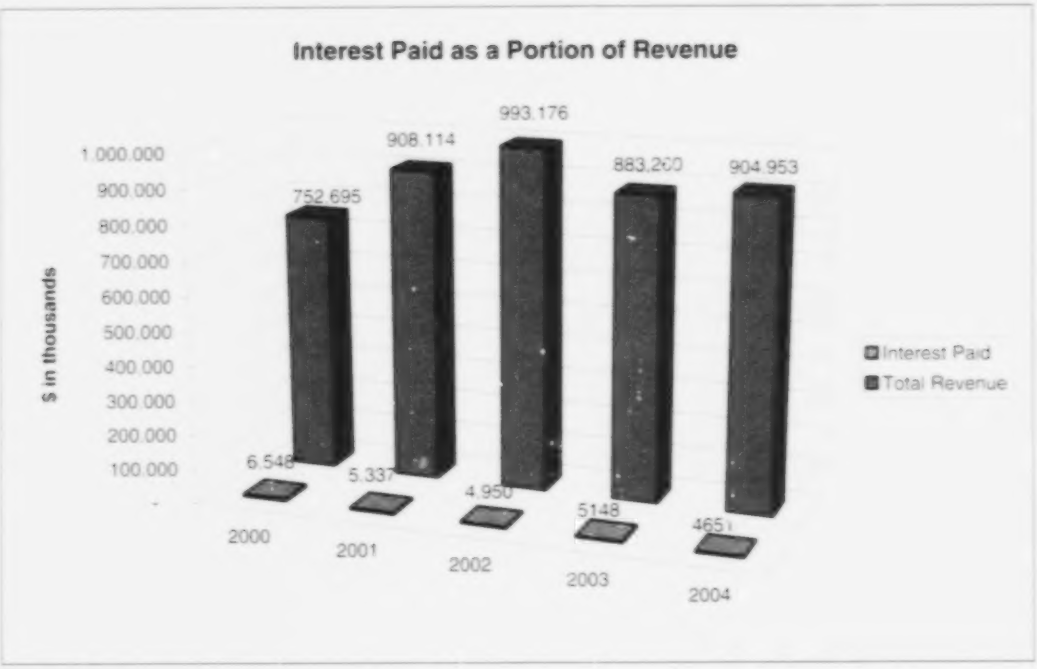
DEBT PER CAPITA

The following chart depicts the debt per capita with respect to the entire debt load that the Government of the Northwest Territories is directly responsible for. This debt is defined as short and long-term borrowing. At March 31, 2004 the long-term debt was $33 million, with no short-term borrowings.



Based on Statistics Canada population as at July 1, 2003

INTEREST



The Government of the Northwest Territories is in the enviable position of having less than 1% of its total revenues expended to service its debt load.

CONCLUSION

As described in the Introduction, the CICA has suggested that a government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to illustrate how the Government of the Northwest Territories' fiscal health measures up from this standpoint. The following conclusions are suggested:

Sustainability – at the end of the 2004 fiscal year the Government of the Northwest Territories switched from having a surplus of financial assets over financial liabilities of $84 million to liabilities in excess of financial assets by $20 million. This net debt position means approximately 2% of the year's expenses, or 1 week of operations were financed by incurring debt beyond our financial assets. The Government's long-term debt was $33 million or 3.6% of the Government revenues for the year and less than 1% of the Northwest Territories Gross Domestic Product. These measures suggest that the Government of the Northwest Territories may not be able to maintain current programs without increasing the debt burden on the economy to some degree.

Flexibility – this pertains to the Government's ability to increase its financial resources. The Government of the Northwest Territories own source revenues were negative as the result of a 2002 overpayment of corporate taxes realized in the 2004 fiscal year. If the effects of corporate tax are ignored, own source revenues increased in 2004. When own source revenues are looked at net of all income tax the increase in the current year is 10.5%. The balance of revenues came largely through the Formula Financing Agreement with the federal government. The Government does not have access to resource royalty revenues as the federal government continues to control all Northwest Territories subsurface resources. The Government of the Northwest Territories has a federally imposed limit on its borrowing of $300 million, and although it is currently under its limit, $300 million represents only 31% of 2003/2004 expenses or 16 weeks of operations. The Government of the Northwest Territories' flexibility is severely constrained by these factors.

Vulnerability – this is a measure of how dependent a government is on sources of funding outside its control or influence. To assess the Government of the Northwest Territories vulnerability it is not necessary to look further than the Government's limited own source revenues, their volatility related to corporate income tax and their effect on the Formula Financing Agreement. This agreement is renewed every five years at which time it is subject to negotiated or federally imposed changes. The current agreement expired March 31, 2004. Discussions are currently underway to finalize the next agreement. Until the new agreement is finalized the Government will receive Formula Financing Grant payments based on the old Agreement.

In summary, the Government of the Northwest Territories is financially stable at this point in time but it has limited flexibility to raise new revenues or incur debt and it is very vulnerable to federal changes to its future revenues.

ADDITIONAL SOURCES OF INFORMATION

The Government of the Northwest Territories produces several other documents and web sites that may be referenced for additional information.

Sources include:

- Government of the Northwest Territories Web Site at www.gov.nt.ca
- Government of the Northwest Territories Public Accounts
  - Section I – Consolidated Financial Statements
  - Section II – Non-Consolidated Financial Statements
  - Section III – Supplementary Financial Statements
- Government of the Northwest Territories Main Estimates
- Business Plans
- Geographic Tracking Report
- Results Report